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STATE OF MINNESOTA FINANCIAL REPORT

Year Ended June 30, 1981

DEPARTMENT OF FINANCE
309 State Administration Building
St. Paul, Minnesota 55155

STATE OF MINNESOTA

GOVERNOR	Albert H. Quie
LIEUTENANT GOVERNOR	Lou Wangberg
SECRETARY OF STATE	Joan Anderson Growe
STATE TREASURER	James Lord
STATE AUDITOR	Arne H. Carlson
ATTORNEY GENERAL	Warren Spannaus

COMMISSIONER OF FINANCE
Allan L. Rudell

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STATE OF MINNESOTA
DEPARTMENT OF FINANCE
309 STATE ADMINISTRATION BUILDING
SAINT PAUL, MINNESOTA 55155

612-296-5900

TO: Governor Albert H. Quie and Members of the Seventy-Second Legislature

Pursuant to Minnesota Statutes, Section 16A.50, the Annual Financial Report of the State of Minnesota for the fiscal year ended June 30, 1981 is herein submitted. The report is prepared following generally accepted accounting principles for governmental units as interpreted by the National Council on Governmental Accounting (NCGA) in their publication Statement 1: Governmental Accounting and Financial Reporting Principles. These guidelines became effective during fiscal year 1981.

The Department of Finance is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe these statements, including all disclosures, provide an accurate and fair presentation of the financial position of the several funds of the State at June 30, 1981 and the operations of the year then ended. These statements represent our continuing efforts to improve the annual financial reports and more completely meet reporting requirements.

The Office of the Legislative Auditor, under authority of Minnesota Statutes, Section 3.971, has audited these statements. Their audit opinion is included.

The reporting emphasis for fiscal year 1981, under the guidelines prescribed by the NCGA, represents a departure from presentations of financial statements for previous years. Beginning with this report, the reporting focus is on the combined statement level for all funds in the State's reporting entity. In these combined statements, funds are grouped by generic fund type. Supporting detail is provided, as needed, in combining financial statements for each generic fund type. The reporting focus in previous years was on the individual fund with separate statements for each.

All of the activities, funds and entities determined to be part of the State's reporting entity are included in these statements. This required the addition of a number of funds and entities not previously included in the financial report for the State.

AN EQUAL OPPORTUNITY EMPLOYER

The General Fund ended the year in a deficit position. The deficit included in these statements, $73 million, is the result of two factors: the weak economy which caused revenue shortfalls and the differences between budgetary accounting practices and those in accordance with generally accepted accounting principles (GAAP). The GAAP basis fund deficit was $73 million. In contrast, the budgetary deficit was $22 million.

When revenue shortfalls were evident, spending reductions were implemented by the Commissioner of Finance under the authority of Minnesota Statutes, Section 16A.15, Subdivision 1, which requires such action whenever projected revenues indicate that a budgetary deficit will result. In September 1980, and again in the spring of 1981, allotment reductions were made to offset the projected revenue shortfalls. The budgetary deficit of $22 million was the result of unanticipated revenue shortfalls at the end of the fiscal year. This deficit was funded in the 1982-1983 biennial budget. Continuing economic problems have required recent legislative action to provide additional revenues and reduce spending to balance the budget by the end of the biennium, June 30, 1983.

Sincerely,

Allan L. Rudell
Commissioner

State of Minnesota
Financial Report
Year Ended June 30, 1981
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COMBINED FINANCIAL STATEMENTS

STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
Veterans Service Building
St. Paul, Minnesota 55155

GERALD W. CHRISTENSON
Legislative Auditor

(612) 296-470

Members of the Legislature
Honorable Albert H. Quie, Governor
Allan L. Rudell, Commissioner, Department of Finance

1. Scope of Audit

We have examined the combined financial statements of the State of Minnesota, and those individual funds and the account group which are solely presented in separate columns within the combined financial statements — General Fund, Debt Service Fund, and General Long-Term Debt Account Group, as of and for the year ended June 30, 1981, as shown on pages 6 to 34. Our examination was made in accordance with generally accepted auditing standards, except as limited by and subject to the reliances explained in paragraph 2, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

(Note: A separate audit opinion on the combining and other individual funds is presented together with those financial statements later in this report.)

2. Scope Limitations and Reliances

A. **Local Government Information** — Our examination did not verify the accuracy of the information provided by local units of government. This information is used to calculate various educational and general governmental aids paid from the **General Fund** and **Special Revenue Funds.** Accordingly, we were unable to determine the effect, if any, that reliance on this data will have on the financial position of those funds.

B. **Potential Misclassification of Certain General Fund Operations** — The state provides direct property tax relief to eligible individuals and other aids to individuals through the use of low income, renters, senior citizens and disabled persons income tax credits. These aids are paid as part of the individual income tax refunds. However, the amount of tax refunds resulting from these credits must be estimated due to insufficient data. For fiscal year 1981, $142 million of tax refunds were reclassified as grant expenditures as a result of this estimation process. Our audit tests were unable to substantitate these estimates due to insufficient data and potential problems with certain assumptions. Accordingly, we were unable to determine the effects, if any, on revenues, revenue refunds, and expenditures of the **General Fund.**

C. **Reliance on Actuarial Certifications** — Note 20 discusses the unfunded liability of the **Pension Trust Funds** and the Post Retirement Investment Fund, presented within the **Investment Trust Funds,** included in this financial report. These amounts are presented in accordance with reports certified by the consulting actuaries for the various funds.

D. **Unauditable Inventories - Proprietary Funds** — We were unable to verify the beginning inventories for both the **Internal Service** and **Enterprise Funds** and the ending inventories for the Enterprise

Funds. Accordingly, we were unable to determine the effects, if any, on the Cost of Goods Sold and Inventory balances for the respective funds.

E. **Disclaim Consistency** — This is the first year for which combined financial statements containing all activities of the state have been presented. Hence, there are no prior financial statements to which they can be compared as a whole.

3. Omission of Required Financial Statements

A. **Budgetary Comparative Statements-Special Revenue Funds** — Generally accepted accounting principles require budgetary comparative statements for the General Fund and Special Revenue Funds. These required statements are not presented for the **Special Revenue Funds,** as explained in note 31.

B. **General Fixed Assets Account Group** — Generally accepted accounting principles require a financial statement for the **General Fixed Assets Account Group.** This required statement is not presented, as explained in note 1.

4. Unreported Liabilities

A. **Grants and Aids** — Note 12 discusses certain school aid and reciprocity liabilities which have been omitted from the financial statements. We believe the omission of these liabilities is improper. $243 million of school aids were originally scheduled for payment in fiscal year 1981. However, payment was delayed until fiscal year 1982 because of a projected budget deficit. We do not believe this delay eliminated the liability in 1981. Accordingly, we conclude that **General Fund** liabilities are understated and fund balance is overstated by $243 million at June 30, 1981.

There is an additional $112 million of final adjustment payments for school aids and interstate tuition reciprocity. The payments relate to services provided in 1981 or entitlements vesting in 1981. However, they were never scheduled for payment in 1981. Rather, they were budgeted for and paid from 1982 resources from their inception. Therefore, we believe these liabilities do not mature until 1982 and should be recorded as long-term liabilities. Accordingly, we conclude that liabilities of the **General Long-Term Debt Account Group** are understated by $112 million at June 30, 1981.

B. **Unfunded Pension Plans** — There are three pension plans which are essentially terminally funded by the General Fund upon the eligible participants' retirement. The underfunding of these pension plans should be systematically reported as long-term liabilities over a reasonable period. There is currently no provision and/or adequate information to report the proper amount of long-term liabilities. These plans are:

- **The Legislative Retirement Plan** which has $1.5 million of accumulated legislator contributions presented as an asset and liability of the General Fund at June 30, 1981. The most recent actuarial valuation of the plan was as of July 1, 1977. At that date, the actuarially determined accrued liability was calculated as $8.7 million, while accumulated legislator contributions totaled only $800,000.

- **The Elective State Officers Plan** which has $160,000 of accumulated contributions presented as an asset and liability of the General Fund at June 30, 1981. There has not been an actuarial valuation of this plan.

- **The Judges' Retirement Plan** which has $8.5 million of accumulated contributions presented as an asset and liability of the Pension Trust Funds at June 30, 1981. The actuarially determined accrued liability of the plan as of June 30, 1981 was $32.6 million.

Because of insufficient information and the lack of a systematic recognition policy, we were unable to determine the total effect of these pension plans on the **General Long-Term Debt Account Group.**

C. **Special Workers' Compensation Program** — The state maintains a Special Workers' Compensation Program which provides benefits to eligible persons and is funded by employers. The program is currently reported within the **Agency Funds** (see paragraph 7B). Since the program is accounted for

on the cash basis (see paragraph 5), approximately $18 million of liabilities as determined by our audit tests, are not reported.

D. **Litigation** — Several lawsuits are currently pending against the state as explained in note 19 to the financial statements. An adverse decision to the state from certain of these lawsuits could create significant liabilities in future fiscal years. The lawsuits numbered 5, 6, and 9 are expected to be resolved in 1983, 1984, and 1983, respectively. In the opinion of the Department of Revenue, it is not possible to place a precise dollar amount on these lawsuits and the relative potential long-term liabilities of the state. Any state liability could be reduced if local governments, to which the majority of these taxes have ultimately been distributed, would have to bear some of the liability. Also, $32 million of the taxes are held in a trust fund and designated for future uses. Accordingly, we could not determine the effects, if any, that these lawsuits have on the **General Long-Term Debt Account Group** and the **Trust and Agency Funds** as of June 30, 1981.

E. **Contingent General Fund Liability for School Loan Bonds** — As discussed in note 20, the General Fund is contingently liable for $32.5 million in general obligation bonds which were issued to provide funds for loans to school districts. The bond principal and interest are to be repaid from loan principal ($38.6 million outstanding at June 30, 1981) and interest payments received from school districts. The loans receivable and bonds payable are presented within the Enterprise Funds. There are, however, various legal provisions whereby certain school districts may not be required to repay their outstanding loans. In November, 1981, because of insufficient monies in the loan repayment account, a General Fund appropriation of $3.4 million was necessary to make the required transfer to the Debt Service Fund for principal and interest on the school loan general obligation bonds.

Because of the uncertain future collectibility of the school loans, we were unable to determine the extent to which the General Fund will be required to provide future debt service monies. Accordingly, we could not determine the effects, if any, on the **General Long-Term Debt Account Group.**

5. Improper Basis of Accounting

Two funds are maintained on essentially a cash basis, rather than the modified accrual basis as required by generally accepted accounting principles. Proper accrual accounting records were not maintained for these funds. We were unable to reasonably determine the effect of this departure from generally accepted accounting principles. The two funds and their respective fund types are:

- The Unemployment Compensation Fund presented within the **Special Revenue Funds,** and
- The Workers Compensation Special Payment Fund presented within the **Agency Funds** (also, see paraagraphs 4C and 7B.

6. Asset Valuation Problems

A. **Omission of Permanent School Fund Land** — As discussed in note 10, the Permanent School Fund, which is presented within the Trust and Agency Funds, owns 2.5 million acres of land donated to the state by the federal government in the mid-1800's. Generally accepted accounting principles require donated assets to be recognized at their fair market value at aquisition date. Neither the past nor current value of the land has been determined. Accordingly, the land has not been recognized as an asset of the **Trust and Agency Funds.**

B. **Potentially Uncollectible School Loans** — As previously discussed in paragraph 4E, there are $38.6 million of loans receivable from school districts which are potentially uncollectible due to various legal provisions for forgiveness. Because of this uncertainty, we were unable to determine the effects, if any, on the **Enterprise Funds.**

C. **Potential Repossession of Zoo Monorail Equipment** — As discussed in note 15, the Zoo Monorail Fund, which is presented within the Enterprise Funds, has defaulted on the installment contract for purchase of the zoo monorail. The investors/assignees of the installment contract have various options following the default including operating the monorail themselves or repossessing the monorail equipment. The investors/assignees have not exercised these options pending the out-

come of litigation between the affected parties, as discussed in note 19. A decision by the investors/assignees to exercise certain of the options available to them would effectively eliminate the $5 million of assets of the fund. Accordingly, we could not determine the effects, if any, on the **Enterprise Funds.**

7. **Classification Problems**

A. **College and University Funds** — The state universities and community colleges are not reported in compliance with the accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) as required by generally accepted accounting principles. The college and university activities are reported as discussed in note 1. If these activities were presented as required by NACUBO, the following funds would be materially affected: **General Fund, Special Revenue Funds, Capital Project Funds, Trust and Agency Funds,** and **Enterprise Funds.**

B. **Workers' Compensation Special Payment Fund** — The Workers' Compensation Special Payment Fund which is presented as an **Agency Fund,** as discussed in note 1, should be presented as a **Special Revenue Fund** as required by generally accepted accounting principles.

C. **Interdepartmental Warrants** — As discussed in note 1, the state is unable to identify certain interfund and intrafund transactions which occur as the result of one state entity paying another with a state warrant. Thus, all such transactions are accounted for as revenues of the recipient fund and expenditures of the disbursing fund. Our audit tests indicate that a material amount of such activity exists within the **Special Revenue Funds** and overstates both their revenues and expenditures. Further, the **General Fund** is involved with such activities, but we were unable to determine the effects, if any, on its operations.

D. **Inconsistently Classified Interfund Transactions** — Operating Transfers and certain other transactions between funds have been inconsistently classified by the recipient and disbursing funds. As a result, "Due From Other Funds" does not equal "Due To Other Funds" on the combined balance sheet. Also, in some instances "Operating Transfers From Other Funds" and "Operating Transfers To Other Funds" have not been classified consistently by the two funds involved. These inconsistent classifications do not affect total assets, total liabilities, or fund equity.

OPINION PARAGRAPH ON COMBINED FINANCIAL STATEMENTS

In our opinion, **except for** the matters discussed in paragraphs 3A, 3B, 4A, 4B, 4C, 5, 6A, 7A, 7B, 7C, and 7D and **subject to** the effects, if any, of the matters discussed in paragraphs 2A, 2B, 2D, 4D, 4E, 6B, 6C, and 7C and relying on the certification from the consulting actuaries as discussed in paragraph 2C, the combined financial statements referred to above present fairly the financial position of the State of Minnesota at June 30, 1981, and the results of its operations and changes in financial position of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

OPINION PARAGRAPHS ON THE INDIVIDUAL FUNDS AND ACCOUNT GROUP PRESENTED SEPARATELY WITHIN THE COMBINED FINANCIAL STATEMENTS

In our opinion, **except for** the effects of the matters discussed in paragraphs 4A and 7A and **subject to** the effects, if any, of the matters discussed in paragraphs 2A, 2B, and 7C, the aforementioned financial statements present fairly the financial position of the **General Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in note 29.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Debt Service Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, **except for** the effects of the matters discussed in paragraphs 4A and 4B, and **subject to** the effects, if any, of the matters discussed in paragraphs 4D and 4E, the aforementioned financial statements present fairly the financial position of the **General Long-Term Debt Account Group** of the State of Minnesota at June 30, 1981, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 29.

Gerald W. Christenson

Gerald W. Christenson
Legislative Auditor

January 15, 1982

STATE OF MINNESOTA

COMBINED BALANCE SHEET
ALL FUND TYPES AND GENERAL LONG-TERM DEBT ACCOUNT GROUP
JUNE 30, 1981
(000's Omitted)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Long-Term Debt	
ASSETS									
Cash	$131,796	$121,815	$28,892	$ (709)	$ 1,424	$ 4,420	$ 137,242	$	$ 424,880
Investments	1,852	82,143	15,924	124,426	245,368		4,164,057		4,633,770
Accounts Receivable	50,405	15,270			2,639	2,966	38,329		109,609
Due from Other Funds	15,782	5,916	6	3,874	17	13	32,212		57,820
Accrued Income	682	2,029	548	4,401	27,576		75,113		110,349
Federal Aid Receivable		99,735					6,418		106,153
Inventories		15,973			3,438	612			20,023
Restricted Assets		2,734			248,477				251,211
Loans Receivable	2,877	3,819	439		1,159,386		29,110		1,195,631
Advances to Other Funds	4,203	124							4,327
Equity in Investment Funds							1,266,271		1,266,271
Fixed Assets (Net of Amortization/ Depreciation)					60,327	6,146	527		67,000
Deferred Costs	1,757	33			23,835	81	38,133		63,839
Amount Available in Debt Service Fund								66,394	66,394
Amount to be Provided:									
General Fund								726,723	726,723
Special Revenue Funds								180,619	180,619
Other Assets					1,083		540		1,623
Total Assets	$209,354	$349,591	$45,809	$131,992	$1,773,570	$14,238	$5,787,952	$973,736	$9,286,242
LIABILITIES, DEFERRED REVENUES AND FUND EQUITY									
Liabilities:									
Warrants Payable	$	$	$	$	$	$	$ 125,668	$	$ 125,668
Accounts Payable	211,823	119,823	9,709	116	2,320	1,043	23,113		367,947
Payable to Other Funds	12,874	20,179	3,880	986	1,168	4,237	9,954		53,278
Payable to Other Governmental Units		16,333					26,133		42,466
Payable from Restricted Assets		237			84,635				84,872
Loan/Notes Payable					32,220		45	119,018	151,283
General Obligation Bonds Payable					43,581			852,962	896,543
Revenue Bonds Payable					1,337,920				1,337,920
Funds Held in Trust				8,268	32,329		5,076,245		5,116,842
Other Liabilities			271		1,692	1,841	66	1,756	5,626
Total Liabilities	$224,697	$156,572	$13,860	$ 9,370	$1,535,865	$ 7,121	$5,261,224	$973,736	$8,182,445
Deferred Revenues	$ 5,127	$ 11,531			$ 11,489				$ 28,147
Fund Equity:									
Contributed Capital	$	$	$	$	$ 15,368	$ 5,151	$		$ 20,519
Retained Earnings:									
Reserved for Debt Requirements					32,960				32,960
Reserved per State Law					78,149				78,149
Unreserved					99,739	1,966			101,705
Fund Balances:									
Reserved for Encumbrances	33,385	26,432							59,817
Reserved for Inventory		15,974							15,974
Reserved for Long-Term Receivables	6,192	3,838					112		10,142
Reserved for Long-Term Commitments		22,169	7,850						30,019
Reserved for Local Governments							173,586		173,586
Reserved for Endowment Principal							311,791		311,791
Reserved per Debt Requirements				122,622					122,622
Unreserved:									
Designated for Appropriation Carryover	12,997	42,731	24,099				32,916		112,743
Designated for Fund Purpose		67,930					4,323		72,253
Designated Other		2,414					4,000		6,414
Undesignated	(73,044)								(73,044)
Total Fund Equity	$ (20,470)	$181,488	$31,949	$122,622	$ 226,216	$ 7,117	$ 526,728		$1,075,650
Total Liabilities, Deferred Revenues and Fund Equity	$209,354	$349,591	$45,809	$131,992	$1,773,570	$14,238	$5,787,952	$973,736	$9,286,242

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Governmental Fund Type				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust	
Revenues:						
Taxes	$3,494,939	$ 384,197	$	$	$	$3,879,136
Reciprocity Income	9,386					9,386
Federal Grants	3,018	1,279,320	34			1,282,372
Intergovernmental Revenue	888	2,203				3,091
Department Earnings	147,808	273,999				421,807
Revenue from Use of Property	7,099	4,502				11,601
Investment Income	28,957	9,237	4,862	16,562	24,990	84,608
Other	22,802	20,571	1	220	96	43,690
Gross Revenues	$3,714,897	$1,974,029	$ 4,897	$ 16,782	$ 25,086	$5,735,691
Less Revenue Refunds	407,921	25,838				433,759
Net Revenues	$3,306,976	$1,948,191	$ 4,897	$ 16,782	$ 25,086	$5,301,932
Expenditures:						
Current:						
Protection of Persons/Property	$ 28,788	$ 45,440	$	$	$	$ 74,228
Transportation	1,502	159,137	171		79	160,889
Resource Management	49,145	30,952	3,099			83,196
Economic/Manpower Development	41,645	66,875	9		83	108,612
Education	181,701	26,369	53		3	208,126
Health and Social Services	219,239	24,129			1	243,369
General Government	92,602	2,210	3,240	28		98,080
Total Current Expenditures	$ 614,622	$ 355,112	$ 6,572	$ 28	$ 166	$ 976,500
Capital Outlay	13,295	231,693	40,837		1	285,826
Debt Service	5,931			109,081		115,012
Grants and Subsidies	2,741,923	1,333,939	60,203		150,474	4,286,539
Total Expenditures	$3,375,771	$1,920,744	$107,612	$109,109	$150,641	$5,663,877
Reimbursements to (from) Other Funds	(53,925)	(3,667)	(435)		1,743	(56,284)
Net Expenditures	$3,321,846	$1,917,077	$107,177	$109,109	$152,384	$5,607,593
Excess of Revenues Over (Under) Expenditures	$ (14,870)	$ 31,114	$(102,280)	$ (92,327)	$(127,298)	$ (305,661)
Other Financing Sources (Uses):						
General Obligation Bonds	$	$	$ 86,000	$	$	$ 86,000
Loans and Advances from Federal Government		113,095				113,095
Operating Transfers In	19,751	248,517		103,382	164,570	536,220
Net Increase in Inventory		2,085				2,085
Operating Transfers to Debt Service Fund	(88,065)	(10,013)	(5,355)			(103,433)
Other Operating Transfers Out	(45,467)	(370,407)	(982)			(416,856)
Investment Income Allocated to Proprietary Fund Deposits				(950)		(950)
Total Net Other Financing Sources (Uses)	$ (113,781)	$ (16,723)	$ 79,663	$102,432	$164,570	$ 216,161
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(128,651)	14,391	(22,617)	10,105	37,272	(89,500)
Fund Balances, July 1, 1980, as Previously Reported	$ 149,392	$ 150,171	$262,526	$112,025	$177,668	$ 851,782
Prior Period Adjustments	(41,894)	(11,008)	(208,240)		(3)	(261,145)
Changes in Reporting Entity	119	27,934	280			28,333
Fund Balances, July 1, 1980, as Restated	$ 107,617	$ 167,097	$ 54,566	$112,025	$177,665	$ 618,970
Net Residual Equity Transfers	564			492		1,056
Fund Balances, June 30, 1981	$ (20,470)	$ 181,488	$ 31,949	$122,622	$214,937	$ 530,526

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND

STATEMENT OF ACTUAL AND ESTIMATED REVENUES AND TRANSFERS FROM OTHER FUNDS

YEAR ENDED JUNE 30, 1981

(000's Omitted)

	Budgetary Basis		Variance (Favorable) Unfavorable
	Budget[32]	Actual[33]	
Unrestricted Revenues:			
Income Tax - Individual	$1,962,899	$1,887,904	$ 74,995
Income Tax - Corporation	389,799	350,261	39,538
Sales Tax	713,630	689,647	23,983
Bank Excise	35,000	37,746	(2,746)
Inheritance and Gift	28,667	29,647	(980)
Liquor, Wine and Malt Beverages	57,191	55,806	1,385
Cigarette and Tobacco Products	87,800	88,637	(837)
Mining	124,863	105,472	19,391
Deed and Mortgage Registration	21,135	16,665	4,470
Gross Earnings Taxes	150,679	141,267	9,412
Motor Vehicle Excise	106,600	87,227	19,373
Motor Vehicle Recycle	1,034	868	166
Income Reciprocity	10,690	9,386	1,304
Department Earnings	136,286	138,748	(2,462)
Investment Income	28,120	28,723	(603)
All Other Revenue	21,700	26,265	(4,565)
Total Unrestricted Revenues	**$3,876,093**	**$3,694,269**	**$181,824**
Restricted Revenues:			
Department Earnings	$ 43,934	$ 47,862	$ (3,928)
Federal Grants	348	328	20
Intergovernmental Revenues	31,846	31,287	559
Investment Income		190	(190)
All Other	3,571	5,944	(2,373)
Total Restricted Revenues	**$ 79,699**	**$ 85,611**	**$ (5,912)**
Less Revenue Refunds:			
Income Tax - Individual	$ 294,375	$ 332,777	$ 38,402
Income Tax - Corporation	25,000	55,849	30,849
Sales Tax	3,678	3,163	(515)
All Other	3,378	11,277	7,899
Total Revenue Refunds	**$ 326,431**	**$ 403,066**	**$ 76,635**
Net Revenues	**$3,629,361**	**$3,376,814**	**$252,547**
Operating Transfers from Other Funds:			
Revenue Sharing	$ 11,407	$ 11,389	$ 18
Federal Reimbursements (Public Welfare)	18,763	13,343	5,420
LCMR Federal Reimbursement	4,250	4,611	(361)
Indirect Costs	3,600	4,562	(962)
Gas Tax Reimbursement	1,656	1,727	(71)
Other Special Revenue Funds	1,300	4,120	(2,820)
Repayment of Revolving Fund Loans		716	(716)
All Other Transfers	1,200	3,520	(2,320)
Total Transfers from Other Funds	**$ 42,176**	**$ 43,988**	**$ (1,812)**
Total Net Revenues and Transfers from Other Funds	**$3,671,537**	**$3,420,802**	**$250,735**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES, ENCUMBRANCES AND TRANSFERS TO OTHER FUNDS

YEAR ENDED JUNE 30, 1981

(000's Omitted)

	Budgetary Basis		Variance Favorable (Unfavorable)
	Budget(32)	Expenditures Encumbrances(34)	
Expenditures and Encumbrances:			
Protection of Persons/Property	$ 31,301	$ 29,990	$ 1,311
Transportation	35,439	28,359	7,080
Resource Management	77,307	67,457	9,850
Economic/Manpower Development	116,682	99,685	16,997
Education	644,946	583,138	61,808
School Aids	1,010,765	762,127	248,638
Health and Social Services	739,759	770,992	(31,233)
General Government(a)	1,124,130	1,036,284(a)	87,846
Debt Service	5,688	5,680	8
Total Expenditures and Encumbrances	**$3,786,017**	**$3,383,712**	**$402,305**
Transfers to Other Funds:			
Special Revenue Funds:			
Taconite Area Environment Protection Fund	$ 18,496	$ 15,663	2,833
Iron Range Resources	2,851	3,761	(910)
Northeast Minnesota Economic Protection Fund	9,248	9,358	(110)
Trunk Highway	1,432	1,692	(260)
Other Special Revenue Funds	1,437	4,310	(2,873)
Debt Service	92,220	90,582	1,638
Housing Finance		1,640	(1,640)
Loans to Revolving Funds		1,941	(1,941)
All Other Funds	939	3,355	(2,416)
Total Transfers to Other Funds	**$ 126,623**	**$ 132,302**	**$ (5,679)**
Total Expenditures, Encumbrances and Transfers to Other Funds	**$3,912,640**	**$3,516,014**	**$396,626**

The notes are an integral part of the financial statements.

(a) Includes amounts for property tax refunds ($51.5 million), aids to local governments ($669.6 million) and senior citizen and renter's credits ($142.2 million).

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUNDS HELD IN TRUST/FUND BALANCES – ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

YEAR ENDED JUNE 30, 1981

(000's Omitted)

	Proprietary Fund Types		Fiduciary Fund Types				Totals (Memorandum Only)
			Pension Trust Funds			Nonexpendable Trust Funds	
	Enterprise	Internal Service	Defined Benefit Plans	Defined Contribution Plans	Investment Trust Funds	Permanent School Fund	
Operating Revenues:							
Net Sales	$ 5,800	$ 8,890	$	$	$	$ 4,892	$ 19,582
Contributions			343,876				343,876
Investment/Interest Income	127,311		256,696		121,379	25,122	530,508
Rentals and Service Fees	29,781	22,038					51,819
Distributed Investment Fund Income			89,683				89,683
Realized and Unrealized Investment Gains (Losses)				8,628	(38,401)	541	(29,232)
Other Income			1,362	419			1,781
Total Operating Income	$162,892	$30,928	$ 691,617	$ 9,047	$ 82,978	$ 30,555	$1,008,017
Less Cost of Goods Sold	4,733	8,032					12,765
Gross Margin	$158,159	$22,896	$ 691,617	$ 9,047	$ 82,978	$ 30,555	$ 995,252
Operating Expenses:							
Annuity Payments	$	$	$ 119,713	$		$	$ 119,713
Interest and Financing Costs	92,570	252					92,822
Contracted Services	16,978	10,153	1,511	136			28,778
Refunded Contributions			23,908				23,908
Salaries and Fringe Benefits	12,189	8,006	2,652	137			22,984
Depreciation and Amortizations	3,226	1,646	94	2		2,974	7,942
Supplies and Materials	1,095	1,393	66	2			2,556
Indirect Costs	111	510	60	2			683
Other Expenses	576	5	11				592
Total Operating Expenses	$126,745	$21,965	$ 148,015	$ 279		$ 2,974	$ 299,978
Operating Income	$ 31,414	$ 931	$ 543,602	$ 8,768	$ 82,978	$ 27,581	$ 695,274
Nonoperating Revenues (Expenses):							
Shares Purchased/Participant Contributions	$	$		$12,066	$ 194,425		$ 206,491
Federal Grants and Subsidies	46,068						46,068
Other Nonoperating Revenues	139	153					292
Shares Withdrawn/Participant Withdrawals				(3,227)	(108,232)		(111,459)
Grants, Aids, and Subsidies	(50,416)						(50,416)
Other Nonoperating Expenses	(64)						(64)
Total Nonoperating Revenue (Expenses)	$ (4,273)	$ 153		$ 8,839	$ 86,193		$ 90,912
Income Before Operating Transfers	$ 27,141	$ 1,084	$ 543,602	$17,607	$ 169,171	$ 27,581	$ 786,186
Operating Transfers (Net)	$ 1,793		$ 823			$ (22,144)	$ (19,528)
Net Income	$ 28,934	$ 1,084	$ 544,425	$17,607	$ 169,171	$ 5,437	$ 766,658
Add Depreciation on Fixed Assets Acquired By or Constructed With Contributed Capital	352						352
Increase in Retained Earnings/Funds Held in Trust/Fund Balances	$ 29,286	$ 1,084	$ 544,425	$17,607	$ 169,171	$ 5,437	$ 767,010
Retained Earnings/Funds Held in Trust/Fund Balances, July 1, 1980, as Previously Reported	$ 15,606	$ 475	$ 626,428	$38,354	$1,292,284	$306,354	$2,279,501
Prior Period Adjustments	281	(34)	9				256
Changes in Reporting Entity	165,681	549	2,310,881	30,927			2,508,038
Retained Earnings/Funds Held in Trust/Fund Balances, July 1, 1980, as Restated	$181,568	$ 990	$2,937,318	$69,281	$1,292,284	$306,354	$4,787,795
Net Residual Equity Transfers	(6)	(108)					(114)
Retained Earnings/Funds Held in Trust/Fund Balances, June 30, 1981	$210,848	$ 1,966	$3,481,743	$86,888	$1,461,455	$311,791	$5,554,691

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION – ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS YEAR ENDED JUNE 30, 1981 (000's Omitted)

	Proprietary Fund Types		Fiduciary Fund Types				
			Pension Trust Funds			Nonexpendable Trust Funds	Totals (Memorandum Only)
	Enterprise	Internal Service	Defined Benefit Plans	Defined Contribution Plans	Investment Trust Funds	Permanent School Fund	
Cash Provided:							
From Operations:							
Net Income	$ 28,934	$1,084	$ 544,425	$17,607	$ 169,171	$ 5,437	$ 766,658
Items to be Added to (Deducted from) Net Income:							
Changes in Current Assets	$ (2,995)	$1,536	$ (19,113)	$ (178)	$ (9,729)	$ (1,956)	$ (32,435)
Changes in Current Liabilities	10,790	(495)	(29,835)	5	5,171	9,774	(4,590)
Changes in Deferred Revenues	8,801				(85)		8,716
Depreciation and Amortizations	5,110	1,723	12			2,974	9,819
Defaulted Interest Recognized	(1,161)						(1,161)
(Gains) on Sales of Fixed Assets		(79)					(79)
Other Changes	106	(12)	(354)				(260)
Total Items to be Added (Deducted)	$ 20,651	$2,673	$ (49,290)	$ (173)	$ (4,643)	$ 10,792	$ (19,990)
Total Cash Provided from Operations	$ 49,585	$3,757	$ 495,135	$17,434	$ 164,528	$ 16,229	$ 746,668
Other Cash Provided:							
Proceeds from Bond/Note Sales	$315,498	$					$ 315,498
Reductions of Loans and Financing Leases Receivable	33,112						33,112
Increases in Escrow Accounts	10,204						10,204
Advances from Other Funds	89	2,333					2,422
Capital Contributions	1,637						1,637
Proceeds from Sales of Fixed Assets		314					314
Other Sources	893						893
Total Other Cash Provided	$361,433	$2,647					$ 364,080
Total Cash Provided	**$411,018**	**$6,404**	**$ 495,135**	**$17,434**	**$ 164,528**	**$ 16,229**	**$1,110,748**
Cash Applied:							
Loans Issued	$322,303	$	$				$ 322,303
Investments in Fixed Assets	10,074	2,196	307				12,577
Deferred Costs	4,388						4,388
Reductions of Indebtedness	31,507						31,507
Repayment of Advances from Other Funds	139	3,906					4,045
Reduction of Leases and Installment Contracts Payable		2,080					2,080
Other	5						5
Total Cash Applied	**$368,416**	**$8,182**	**$ 307**				**$ 376,905**
Net Increase (Decrease) in Cash and Investments	**$ 42,602**	**$(1,778)**	**$ 494,828**	**$17,434**	**$ 164,528**	**$ 16,229**	**$ 733,843**
Cash and Investments, July 1, 1980, as Previously Reported	$ 10,888	$4,990	$ 635,032	$38,190	$1,279,979	$278,946	$2,248,025
Prior Period Adjustments			(3)				(3)
Changes in Reporting Entity	441,779	1,208	2,282,512	30,940			2,756,439
Cash and Investments, July 1, 1980, as Restated	**$452,667**	**$6,198**	**$2,917,541**	**$69,130**	**$1,279,979**	**$278,946**	**$5,004,461**
Cash and Investments, June 30, 1981	**$495,269**	**$4,420**	**$3,412,369**	**$86,564**	**$1,444,507**	**$295,175**	**$5,738,304**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1981

1. Summary of Significant Accounting Policies

These notes provide disclosures relevant to the combined financial statements on the preceding pages. They are supplemented by the narrative explanations which accompany the combining financial statements. Such explanations are relevant only to the individual funds or account groups to which they refer and are not considered necessary to understand the combined financial statements.

Basis of Presentation

Except as described in the following notes, the reporting policies of the State of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the National Council on Governmental Accounting (NCGA). The NCGA's Statement 1, Governmental Accounting and Financial Reporting Principles, and Statement 2, Grant, Entitlement, and Shared Revenue Accounting and Reporting by State and Local Governments are considered the primary authoritative sources of GAAP for governmental units. These publications took effect during fiscal year 1981 and accordingly, their provisions were followed in this financial report.

The state's financial activities are recorded in individual funds and account groups, each of which is treated as a separate accounting entity. For financial reporting purposes, however, the individual fund financial statements are combined by generic fund type in the combining financial statements presented in the latter part of this report. The aggregate of each fund type, from the combining statements, is then presented in the combined overview financial statements, also termed the General Purpose Financial Statements (GPFS). Essentially, the GPFS have replaced the individual fund as the financial reporting focus for governmental units. Accordingly, the presentation of this financial report varies significantly from that of prior fiscal years.

Financial Reporting Entity of the State of Minnesota

This report includes the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers. The criteria used to implement this policy were degrees of: financial/administrative dependence; state control; fiduciary responsibility and jurisdiction/distribution of benefits. This policy has greatly expanded the reporting entity from that of previous financial reports (discussed in note 29). Conversely, all governmental units not meeting the established criteria, and therefore construed to be autonomous from the state, have been excluded from this report. Most notable among these entities excluded is the University of Minnesota which, because of its constitutionally authorized existence, was considered relatively autonomous.

The following organizations included in this report also prepare and publish their own financial reports which may contain differences in presentation resulting from differing reporting emphasis:

- Minnesota Historical Society
- Teachers Retirement Association
- Minnesota State Retirement System
- Public Employees Retirement Association
- State Board of Investment
- Minnesota Housing Finance Agency
- Higher Education Coordinating Board (revenue bond funds only)
- Higher Education Facilities Authority
- State University Board (revenue bond fund only)

Copies of their reports may be obtained directly from the above organizations.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion.

College and university fund structure and accounting principles are prescribed by the National Association of College and University Business Officers in their publication College and University Business Administration (CUBA). The state reports the college and university activity in the closest counterpart fund; however, the CUBA fund structure is utilized in separately issued reports of the state universities and community colleges. The approximate percentage of community college and state university revenues and expenditures reported in the financial statements in this report are: General Fund (1-4%); Federal Fund (0-2%); Gift Fund (16-19%); General Project Fund (23-24%); Endowment Fund (65-67%); Miscellaneous Agency Fund (7-22%); and all of the All College Fund, Student Activity Fund and Revenue Bond Fund.

With the exception of the college/university funds above and the Workers' Compensation Special Payment Fund (reported as an agency fund, but more appropriately classified as a special revenue fund), the funds presented are classified according to GAAP as follows:

Governmental Funds

These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category which is comprised of the general, special revenue, capital project and debt service generic fund types described as follows:

General Fund — To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds — To account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds — To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Debt Service Fund — To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Funds

These funds account for all assets, liabilities and equities and match revenues and expenses to determine net income and capital maintenance. The generic fund types included in the proprietary fund category are:

Enterprise Funds — To account for operations: (1) that are financed and operated in a manner similar to private business enterprises and where the intent of the state is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the state has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds — To account for the financing of goods or services provided by one state agency to other state agencies on a cost-reimbursement basis.

Fiduciary Funds

These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable

trust funds) or proprietary (nonexpendable trust and pension trust funds) funds. Agency funds are purely custodial in nature; thus they do not measure results of operations. Descriptions of the generic fund types included in the fiduciary fund category are as follows:

Pension Trust Funds — To account for funds administered by independent boards and for which the state performs a fiduciary role. These funds have been categorized by function into the following three types:

- **Defined Benefit Pension Plans** — This grouping includes those retirement plans for which the participants' retirement annuity is based upon a statutory formula utilizing such factors as age, average salary, length of service and others. That is, benefits are determined by qualification instead of contribution.
- **Defined Contribution Pension Plans** — This grouping includes those retirement plans for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service provide minimum eligibility qualifications.
- **Investment Trust Funds** — This grouping is a variety of investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

Nonexpendable Trust Funds — To account for funds whose principal may not be expended.

Expendable Trust Funds — To account for funds whose resources, including principal and earnings, may be expended.

Agency Funds — To account for funds which hold moneys in an agency capacity for various governmental units, individuals or funds.

Account Groups

Accountability and control over fixed assets and long-term debt not accounted for in the governmental funds, proprietary funds or expendable trust funds is provided in the account groups.

Long-Term Debt Account Group — To account for unmatured principal of bonds, notes, or other forms of long-term indebtedness.

General Fixed Asset Account Group — To account for the fixed assets of the governmental funds. Currently the state does not have an updated General Fixed Asset Account Group from which to prepare the required financial statements.

Basis of Accounting

All proprietary funds, pension funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized as they are incurred. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles.

Revenues: Revenues are recognized in the period when they become both measurable and available to finance expenditures of the current period. *Measurable* means that taxpayer or intermediary government liability is supported by sufficient documentation and can be reasonably estimated. *Available* means collectible by the September close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the state's liability is measurable and validity seems certain. Revenues, including federal revenues, collected on an advance basis to which the state does not have legal entitlement are recognized as deferred revenue until the related commitment arises.

Expenditures and Related Liabilities: Expenditures and payables are recognized when obligations are incurred as a result of the receipt of goods and services. Because of the difficulty of assessing the point of liability for grant expenditures, they are dicussed separately below.

Encumbrance Accounting: Encumbrance accounting is used for budgetary control purposes only. In the financial statements encumbrances are recorded only in the balance sheet as a reservation of fund balance for subsequent year expenditure except for those long-term commitments which rely significantly on future resources as discussed in note 18.

Grant Expenditure and Liability Recognition

Grants are contributions or gifts of cash or other assets by the state to other governmental units or to individuals. The GAAP requirement that expenditures and liabilities are recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct service for the grant payment. It was therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are based normally on an entitlement basis or a reimbursement basis. Reimbursements can be for specific services provided to specific eligible recipients or such reimbursements can be for eligible types of expenditures. Grants that are a reimbursement for specific services are recognized as expenditures and liabilities in the period in which the grantee incurs the eligible costs for these services. For all other grants, expenditures and liabilities are recognized in the fiscal year resources are appropriated. Note 12 provides additional detail on the treatment of some school aid liabilities and expenditures.

Interfund Transactions

Most transactions between funds are accounted for in compliance with GAAP. However, when warrants are sent by one state activity to another, these transactions are accounted for as if they were quasi-external (see below) regardless of the appropriate classification according to GAAP. This is due to the transactions not being uniquely identified by the statewide accounting system such that they can be properly classified. The Department of Finance is defining policies with respect to transfers presently made by use of interdepartmental warrants. Interfund transactions other than most interdepartmental warrants, interfund loans and advances are classified according to GAAP as follows:

- **Quasi-External Transactions** — are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.
- **Reimbursements** — are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenses or expenditures in the reimbursed fund.
- **Residual Equity Transfers** — are nonrecurring or nonroutine transfers of equity between funds. These are reported as additions to or deductions from the appropriate beginning equity account.
- **Operating Transfers** — are all interfund transfers other than residual equity transfers. These are reported in the Other Financing Sources (Uses) section of the operating statements.

2. Cash, Investments and Accrued Investment Income

Where Minnesota Statutes provide, an individual fund's cash is separately invested through the State Board of Investment. All cash in the state treasury not invested by individual funds is pooled and invested as the State Treasurer's "Invested Treasurer's Cash" (ITC). The ITC is available to pay operating expenses and transfers and to relieve cash deficiencies in the General Fund to the extent allowable under Minnesota Statute Section 16A.67 (repealed July 2, 1981 and replaced with law providing for a slightly more restricted definition of ITC). All investment earnings of ITC are credited to the General Fund pursuant to Minnesota Statutes Section 11A.20 (beginning in fiscal year 1982 earnings for the Game and Fish Fund are to be credited to that fund). Investment earnings credited to the General Fund from ITC in fiscal year 1981 were $28.7 million. A schedule of the cash balances available for investment in ITC is presented below. Because some funds have cash outside of the state treasury, the cash available for ITC may differ from the cash balances indicated on the balance sheets.

Invested Treasurer's Cash
June 30, 1981
(000's Omitted)

Fund	Cash Balance
General Fund	$131,160
Special Revenue Funds	85,373
Capital Projects Funds	28,893
Debt Service Fund	(825)
Trust and Agency Funds	133,247
Enterprise Funds	980
Internal Service Funds	4,500
Total Cash Balances	**$383,328**
Uninvested Cash	11,322
ITC Investment (1981 Market Value $372,643)	**$372,006**

Nearly all funds value equity securities at cost and debt securities at amortized cost. The Investment Trust Funds and the Defined Contribution Pension Plans are an exception to the above, valuing investments at market. Except for the fund types scheduled below the cost of investment approximates market value.

Schedule of Cost and Market Values of Investments
June 30, 1981
(000's Omitted)

	Cost	Market
Defined Benefit Plans	$2,211,013	$2,059,566
Investment Trust Funds	1,560,189	1,443,932
Nonexpendable Trust Funds	295,079	236,216

Certain U.S. government and government agency securities are loaned out to banks and brokers to generate additional income of 0.5%. Collateral pledged in the amount of 105% of the market value of securities loaned is required. Securities loaned and collateral pledged as of June 30, 1981 were as follows:

	Cost of Securities Loaned	Market Value of Securities Pledged As Collateral
Governmental Fund Type:		
Special Revenue Funds	$ 875,000	$ 875,000
Debt Service Fund	17,275,000	18,795,000
Proprietary Fund Type:		
Enterprise Funds	5,000,000	5,650,000
Fiduciary Fund Type:		
Pension Trust Funds:		
Defined Benefit Plans	41,225,000	43,200,000
Investment Trust Funds	20,900,000	21,805,000
Nonexpendable Trust Funds	1,500,000	1,250,000
Expendable Trust Funds	4,500,000	4,700,000
	$91,275,000	**$96,275,000**

3. **Accounts Receivable**

Accounts Receivable includes Taxes Receivable and Public Welfare Receivable which were stated separately in previous years' General Fund balance sheets. Accounts receivable does not include Federal Fund receivables as in previous years' statements; these have been reclassified as Federal Aid Receivable. Accounts Receivable has been stated net of allowances for doubtful accounts which are immaterial.

4. **Due From Other Funds and Payable to Other Funds**

Total Due From Other Funds does not equal Payable to Other Funds as a result of fund level adjustments which were not reconciled in total. Transfers to and from other funds were treated similarly.

5. **Federal Aid Receivable**

Federal Aid Receivable has been presented at the total outstanding amount due; there are no material related allowances for doubtful accounts. Revenue is recognized and a receivable established when liabilities have been incurred for a program or grant authorized expenditures.

6. **Loans Receivable**

Loans Receivable are stated net of allowances for loan losses except where the loans are adequately secured or the allowance is not estimable.

Loans of the Minnesota Housing Finance Agency are principally secured by first mortgages or insurance. Guaranteed student loans are guaranteed by the Higher Education Assistance Foundation and reinsured by the federal government. Financing leases of the Minnesota Higher Education Facilities Authority are secured by ownership of constructed facilities.

It has not been practicable to estimate future loan losses for several types of loans. Loans to school districts by the Maximum Effort School Loan Fund are repaid from district tax levies which cannot exceed a formula based ceiling. Minnesota Statutes, Chapter 124 which authorizes these loans, specifies that interest defaulted because of the tax ceiling be capitalized as loan principal. Loan principal not repaid in thirty years will be discharged. Loan losses are not estimable because the economic factors which modify a school district's tax base are not predictable over the period of time for loan repayment.

College student loans are loans made by the State University Student Activity Fund and the Community College All College Funds (agency type funds). These loans are net of allowances for loan losses of $418,000 and $290,000 respectively.

Scheduled below are the types of loans included in the statements. Financing leases of the Higher Education Facilities Authority have been accounted for as direct financing leases but have been classified as loans receivable because of their similarities.

Minnesota Housing Finance Agency Loans	$ 897,673,000
Government Guaranteed Student Loans	164,192,000
Higher Education Financing Leases	54,120,000
Maximum Effort School Loans	40,046,000
College Student Loans	28,179,000
Other	11,421,000
Total Loans Receivable	**$1,195,631,000**

7. **Inventories**

The inventories of the Trunk Highway Fund (a special revenue fund) with a balance of $15,777,000 as of June 30, 1981, are valued using the weighted average method. Inventories in other funds are valued by various methods.

8. Restricted Assets and Liabilities to be Paid from Restricted Assets

Mandatory asset segregations within funds are presented in various special revenue and enterprise funds as Restricted Assets. Restricted Assets are composed of cash and investments which are equivalent to cash. Such segregations are required by bond covenants, grant agreements, donor stipulations and other external restrictions. Current liabilities to be paid from these assets are classified as Payable from Restricted Assets. Detail of these restricted assets is provided below.

Restricted Assets for:	
Deposits in Debt Service Fund	$ 8,268,000
Revenue Bond Repayment	221,691,000
Other Revenue Bond Covenant	17,996,000
Donor Agreements	2,734,000
Other	522,000
Total Restricted Assets	**$251,211,000**
Liabilities to be Paid from Restricted Assets:	
Accounts Payable	$ 2,195,000
Revenue Bonds Payable (Maturing)	40,715,000
Revenue Bonds Interest Payable	36,145,000
General Obligation Bonds Payable	5,080,000
General Obligation Bonds Interest Payable	737,000
Total Current Liabilities	**$ 84,872,000**
Revenue Bonds Payable (noncurrent)	130,882,000
Deferred Revenue	83,000
Total Liabilities to be Paid from Restricted Assets	**$215,837,000**
Restricted Fund Equities:	
Reserved per Debt Requirement	$ 32,960,000
Designated by Donor Agreements	2,414,000
Total Liabilities to be Paid from Restricted Assets and Restricted Fund Equities	**$251,211,000**

9. Equity in Investment Funds

Equity in investment funds is the participation of the various pension plans in the investment trust funds. Consistent with fund accounting principles, the state records the aggregate pension fund resources invested in the appropriate investment trust funds, with the corresponding equity interest, as above, recorded in the pension plans. Accordingly, the combined net assets of all pension trust funds must be adjusted, to eliminate the effects of this treatment, when various analytical comparisons are being made.

10. Fixed Assets

Fixed assets reported in the proprietary and fiduciary funds are valued at historical cost less accumulated depreciation or amortization on the straight-line method over the useful life of the asset. Included in fixed assets are equipment, land, buildings, and improvements to owned assets and leaseholds. An exception is the Permanent School Fund where due to the lack of historical information, 2,521,000 acres of land could not be properly valued and therefore has been excluded. Also, as a result of default on the installment purchase contract, a major portion of the fixed assets of the Zoo Monorail Fund may be subject to repossession by creditors (see note 15).

11. **Deferred Costs**

The composition of the deferred costs is scheduled below (000's omitted):

Type	Enterprise Funds	Fiduciary Fund Types			
	MHFA Programs Fund	Defined Benefit Pension Plans	Nonexpendable Trust Fund	All Others	Total
Loan Origination (Net)	$ 1,571	$	$	$	$ 1,571
Bond Issuance (Net)	16,385			558	16,943
Debt Extinguishment (Net)	5,214				5,214
Unamortized Bond Losses		19,714	18,419		38,133
Prepaid Expenses				1,978	1,978
	$23,170	$19,714	$18,419	$2,536	$63,839

12. **Grant Liabilities**

Liabilities at June 30, 1981 and General Fund expenditures for fiscal year 1981 do not include $352,529,000 in school aids payments and interstate tuition reciprocity payments based primarily on fiscal year 1981 data but paid from fiscal year 1982 resources.

School aids totalling $239,747,000 which were originally appropriated from fiscal year 1981, were unallotted and subsequently reappropriated from and paid in fiscal year 1982. Final school aid payments for fiscal year 1981 ($105,781,000) and interstate tuition reciprocity payments for the 1980-1981 school year ($7,001,000) were paid in fiscal year 1982 as planned, consistent with payment patterns for the past several years.

School Aids

Approximately 75% of the Minnesota State budget is grant-in-aid payments to school districts and other local units of government. These grants are based on a variety of factors. For instance, some school aids, depending upon the grant type, are based on factors such as pupil units and the proceeds from local property tax levies ($644 million in fiscal year 1980) and transportation factors ($88 million in fiscal year 1980), while others may be a reimbursement of allowable costs, or a portion thereof.

School districts are required by law to provide educational services including specific programs. School aids are paid to reduce the cost to local property taxpayers for these required services and to help equalize the quality of education throughout the state.

Grant-in-aid payments to school districts totalling $243,659,000 for fiscal year 1981 were reduced because of revenue shortfalls.

— In August of 1980, because of a projected deficit of $195,123,000, school aids were reduced by $89,068,000 as a part of the Governor's spending reduction program, under authority of Minnesota Statutes Section 16A.15. In January, during the 1981 Legislative Session, these school aids were restored. During the regular appropriation process the school aid appropriations recommended for the 1981 - 1983 biennium were reduced by approximately $50 million to partially offset the $89 million restored. Laws of 1981, Chapter 1, required all F.Y. 1981 school aids withheld to be paid by August 1, 1981, but required that the payments be funded from other than F.Y. 1981 revenue sources. The law went on to prohibit future (after F.Y. 1981) reductions in school aid appropriations to alleviate projected deficits. This prohibition was repealed in January 1982 by Minnesota Laws, Third Special Session, Chapter 2.

— Late in F.Y. 1981 further revenue shortfalls forced reduction of an additional $154,591,000 in F.Y. 1981 school aids which were paid in F.Y. 1982 (also pursuant to Laws 1981, Chapter 1).

Because of the changes in estimates of aids due, a total of $239,747,000 in deferred school aids were paid in July and August of 1981.

School districts receive 90% of their estimated grant-in-aid payments on a current basis with the remainder paid, based on actual data, in the following fiscal year using resources of that fiscal year. The final adjustment payment for F.Y. 1981 school aids totalled $105,781,000 and was paid primarily during October, 1981. The remainder is to be paid as the final data is available. Data for these final payments is submitted by school districts after the end of the school year.

Tuition Reciprocity

Minnesota has entered into interstate tuition reciprocity agreements with adjoining states. Under these agreements students from Minnesota can attend colleges, universities, and in some cases, vocational schools, in those states at resident tuition rates, with the same arrangement for students from the other states attending similar schools in Minnesota. The necessary payments between states are based either on the costs to each state resulting from granting resident rates to eligible students from the other state or on a portion of actual instructional costs and the number of students involved, subject to the provisions of the agreements. These agreements usually result in Minnesota payments to neighboring states.

The data used in calculating these payments is provided by each school involved after the end of each quarter with the final data submitted after the end of summer sessions. In the case of Minnesota and Wisconsin, this data is reviewed by their respective state agencies coordinating higher education financial assistance programs. In the case of North and South Dakota, Minnesota coordinates the data from all schools for both Minnesota and the Dakotas. After review the data is exchanged with the other state and further reviewed to assure accuracy of payments. Calculations are not usually complete until the fall of the year and the earliest payment is not due until December 1. These payments have always been appropriated for the year in which the payment is due. Payments for the year ending after summer sessions in 1981 were estimated at $7,001,000.

The transactions discussed above are not included in the General Fund statements as F.Y. 1981 expenditures nor were they shown as liabilities at June 30, 1981 because these payments were to be paid from resources not existing at June 30, 1981. The majority of these payments (school aids) are unilateral grant-in-aid payments which do not meet the usual criteria for liabilities, i.e., receipt of goods or services. There are no authoritative guidelines relating to expenditure and liability recognition for grant-in-aid payments by governmental units.

The amounts also are not included in the General Long Term Debt Account Group because they are not considered to be liabilities at June 30, 1981.

Refunds include an amount for low income credits which in previous reports were estimated and reclassified as an aid to individuals. It is no longer feasible to accurately estimate the portion of individual income tax refunds attributable to the low income credits.

13. Long-Term Obligations — General Obligation Bonds Payable

The state constitution provides that when the full faith and credit of the state has been pledged for the payment of bonds, the State Auditor shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under the section and due in the next 20 months. It also requires that the legislature appropriate funds to the Debt Service Fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year is used to reduce the amount of tax otherwise levied.

Minnesota Statutes provide that in order to reduce the amount of taxes otherwise required to be levied, there is to be appropriated annually to the Debt Service Fund from the various governmental funds in the state treasury such sums of money sufficient when added to the balance on hand in the fund to pay all principal and interest due within the next 20 months on state general obligation bonds.

In fiscal year 1981 the Department of Finance made the necessary transfers to the Debt Service Fund as scheduled below:

General Fund	$ 88,065,000
Miscellaneous Special Revenue Fund	203,000
State Airport Fund	425,000
Trunk Highway Fund	9,588,000
Employment Services Administration Fund	239,000
Building Fund	3,685,000
Bond Proceeds Fund	1,177,000
Total Operating Transfers to Debt Service Fund	**$103,382,000**

Several issues of general obligation bonds are recorded as liabilities of enterprise funds (The Maximum Effort School Loan Fund and the State University Board Revenue Bond Fund) when the earnings of these funds are pledged for repayment of bonds. These funds make debt service transfers fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets (see note 8) in the enterprise funds and as funds held in trust in the Debt Service Fund. The General Fund remains secondarily liable as further explained in note 20.

As of June 30, 1981 the total outstanding general obligation bonds payable was $901,617,000 and $704,675,000 was authorized and unissued. Scheduled below is the general obligation debt principal payable for the next 5 years.

Fiscal Year	Amount
1982	$ 73,283,000
1983	73,074,000
1984	68,975,000
1985	65,080,000
1986	62,145,000
Thereafter	559,060,000
Total	**$901,617,000**

14. Long-Term Obligations — Revenue Bonds Payable

The agencies listed below have the authority to, and have issued, bonds which are not general obligations of the state but are payable solely from the rentals, revenues and other income, charges and moneys as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The Minnesota Housing Finance Agency (MHFA) is authorized by Minnesota Statutes Sections 462A.08-.14 to issue its bonds and notes in amounts such that the principal amount outstanding at any time does not exceed:

(a) $225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose; plus,

(b) $1,325,000,000 issued for other purposes specified in Section 462A.08 which include: (i) participating in the making of construction loans and eligible mortgage loans to sponsors of residential housing for families of low and moderate income, and (ii) purchasing eligible securities, the proceeds of which will be used for residential housing for families of low and moderate income.

The Minnesota Higher Education Coordinating Board (MHECB) is authorized by Minnesota Statutes Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed $550,000,000.

The Minnesota Higher Education Facilities Authority (MHEFA) is authorized by Minnesota Statutes Sections 136A.32-.34 to issue revenue bonds to finance the acquisition, construction and remodeling of college buildings and structures to be used for nonsectarian educational purposes, and to refinance facilities of this type. The amount of such bonds outstanding at any time may not exceed $100,000,000. Each issue is payable solely from and secured by a first lien on the revenues of the project financed, reserve funds and the guarantee of the institution for which the project is financed.

The Minnesota State University Board (MSUB) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of $52,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes. All of such bonds have been issued and $9,800,000 have been retired. Such bonds are payable solely from and secured by an irrevocable pledge of revenues to be derived from the operation of the buildings financed and from fees imposed upon student activities, student facilities or other sources.

Revenue Bond Debt
Outstanding Debt and Five-Year Principal Requirements
June 30, 1981
(000's Omitted)

		Principal Payments Required Next 5 Years					
Agency	Total Outstanding	1982	1983	1984	1985	1986	Total Payments Thereafter
MHFA	$1,033,085	$27,320	$33,810	$35,635	$36,615	$36,285	$863,420
MHECB	246,670	5,000	7,000	63,600	15,000	16,720	139,350
MHEFA	66,605	2,240	2,460	9,535	1,660	1,800	48,910
MSUB	33,922	905	945	980	1,025	1,050	29,017

15. **Long-Term Obligations — Other**

Total outstanding loans received under the provisions of the Federal Unemployment Tax Act from the U.S. Department of Labor as of June 30, 1981 was $114,000,000. Repayment provisions allow until January, 1983 for repayment of the initial advance of $28,200,000 and until January, 1984 for repayment of the remaining advances. These loans are to be repaid from the resources of the Unemployment Compensation Fund. In the event they have not been repaid as of the above date, the federal government will directly collect the loans from employers in the state by increasing their employment taxes.

The Zoo Monorail Fund — administered by the Minnesota State Zoological Board (MSZB) — is in arrears on its scheduled installment contract payments since April, 1980. In May of 1980 the investors/assignees of the installment contract exercised their right to declare the entire principal of the contract due and payable and charge interest of 8% per annum on unpaid principal. As of June 30, 1981, $98,451 in interest paid from the fund was being held in an escrow account with the fiscal agent. This account is outside the control of the MSZB, and accordingly, is not included in the fund's assets. Investors/assignees have the option of repossessing the monorail equipment.

16. **Funds Held in Trust**

Funds held in trust are the net assets held in various trust and agency funds for which the state performs a fiduciary role. This treatment was also used in presenting the pension trust funds. Because the state's relationship to these funds is custodial in nature, the net assets are presented as a liability rather than as an equity interest.

17. **Deferred Revenue**

Cash received before it is considered earned is reported as deferred revenue. Deferred Revenues are made up primarily of federal receipts ($23 million).

18. Long-Term Commitments

Long-term commitments, consisting of grant agreement construction and other contracts, in the following amounts, were outstanding as of June 30, 1981:

Capital Projects Funds:	
General Project Fund	$ 1,639,000
Transportation Fund	95,000
Building Fund	65,773,000
Bond Proceeds Fund	26,210,000
Special Revenue Funds:	
Trunk Highway Fund	152,770,000
Miscellaneous Special Revenue Fund	21,820,000
Total	**$268,307,000**

These commitments will be partially funded by the current reserves for long-term commitments with the remaining resources provided by the proceeds of future bond sales, future mining tax revenues (Miscellaneous Special Revenue Fund), and federal grants (Trunk Highway Fund).

19. Contingent Liabilities — Litigation

The Minnesota Legislature has appropriated $750,000 for the fiscal year ending June 30, 1981, and $825,000 per year for the fiscal years ending June 30, 1982 and 1983 for the payment of tort claims. The Legislature also appropriated $750,000 per year for the years ending June 30, 1979 and 1980 for tort claims. Payments for these appropriations were $60,000 in 1979, $247,651 in 1980 and $633,682 in 1981.

The State, its officers and employees, are defendants in numerous lawsuites. The following cases have been noted because an adverse decision could result in expenditures of state moneys in excess of current levels.

1. Eight highway construction contractors have filed suit in various County District Courts in Minnesota for (1) breach of contract and negligence on the basis of the State's alleged failure to report test results, claiming damages for extra work; (2) breach of warranty and negligence, claiming damages on the basis of the State's imposition of unreasonable specifications upon a subcontractor; (3) breach of contract warranty, claiming liquidated damages; (4) breach of contract, claiming damages for decreased quantities of work; and (5) breach of implied contract, claiming damages as a disappointed low bidder; (6) breach of warranty, claiming damages for construction delays; (7) breach of contract, claiming improper retainage by the State; and (8) breach of warranty, claiming damages for extra work due to undisclosed soil conditions. Adverse decisions on any of these claims may impact on the Trunk Highway Fund. Decisions on these matters are likely to be rendered over the period of the next two years.

2. In actions commenced in various County District Courts throughout Minnesota, there are nine claims pending against the State in which parties allege diminished value of their respective properties cause by State highway construction. The matters are at various litigation stages and decision dates are unknown. Adverse decisions may impact on the Trunk Highway Fund.

3. **Minnesota Association of Health Care Facilities v. Department of Public Welfare** (United States District Court, District of Minnesota). In this action the plaintiff Association is challenging the constitutional and statutory prioriety of the Department of Public Welfare's principal rule on reimbursements to long-term care facilities and is also questioning the constitutionality of a state statute which equalizes reimbursement rates. Any liability arising out of an adverse decision may impact on the General Fund; however, certain moneys paid out in such eventuality may be reimbursable under applicable federal programs. A decision is anticipated in the next few months.

4. **Craik v. State University Board, et al.** (United States District Court, District of Minnesota). In this class action alleging sex discrimination, plaintiffs challenge salary payments made to all female faculty members at St. Cloud State University. The trial has been completed, but the court's decision is still pending. Liability arising from an adverse decision and award to plaintiff may impact on the General Fund.

5. **Iron Ore Occupation Tax Cases** (Minnesota Tax Court). Minnesota's taconite mining companies have commenced actions in the Minnesota Tax Court seeking a refund of state occupation taxes paid for 1971 and subsequent years. The companies claim certain additional deductions in computing the occupation tax, and, for 1974 and subsequent years, the companies claim that the occupation tax exceeds statutory and constitutional tax limits. In a test case submitted to the Minnesota Tax Court, the court ruled for the plaintiff, but the case has been appealed to the Minnesota Supreme Court and a decision is not expected until late 1982. The amount of the taxes collected for the years 1971 through 1980 (1981 is not yet computed) is $123,220,000, of which the claimed amount is $61 to $62 million. Any liability arising out of a decision against the State would affect the General Fund.

6. **Taconite Production Tax Cases** (Minnesota Tax Court). Minnesota's taconite companies have commenced actions in the Minnesota Tax Court seeking the elimination of the taconite production tax and a refund of such taxes paid for 1975 and subsequent years. Plaintiffs allege that the production taxes are excise taxes subject to and in excess of statutory limits and are, therefore, unlawful. The cases raise issues related to the Iron Ore Occupation Tax Cases discussed above. A legal briefing schedule has not yet been established. The amount of production taxes collected for the years 1975 through 1981 is $457,572,000, most of which was distributed to local units of government. Any liability arising out of a decision against the State may impact on the General Fund, the Northeast Minnesota Economic Protection Fund, the Taconite Area Environmental Protection Fund and local government funds.

7. **Railroad Gross Earnings Tax Cases** (Ramsey County District Court). In March, 1976, seven different railroad companies instituted suits in Ramsey County District Court challenging the constitutionality of the Minnesota gross earnings tax as applied to railroads. The plaintiffs contend that gradual changes in Minnesota's tax laws, Minnesota and national transportation systems and the national economy have rendered the railroad gross earnings tax unconstitutional as a violation of either the Due Process and Equal Protection Clauses of the fourteenth amendment to the United States Constitution or the Commerce Clause, or both. Plaintiffs further allege that Public Law 94-210 (the Railroad Revitalization and Regulatory Reform Act of 1976) renders the gross earnings tax unconstitutional as a violation of the Commerce Clause of the United States Constitution. Plaintiffs seek elimination of the gross earnings tax and a refund of the gross earnings tax payment made for the years 1971 through 1977. Any liability arising out of a decision against the State may impact on the General Fund. The tax has not been levied since 1977.

8. **Minneapolis Star & Tribune v. Commissioner of Revenue** (Minnesota Supreme Court). The Minneapolis Star & Tribune Company commenced an action in Hennepin County District Court alleging that the use tax imposed by Minnesota Statute 297A.14 is unconstitutional because, as applied to newspaper publishing companies, it violates the Equal Protection and the Due Process Clauses of the fourteenth amendment of the United States Constitution and because it constitutes a denial of the freedoms of speech and of the press in violation of the first amendment of the United States Constitution. The tax in dispute applied, starting January 1, 1974, to the cost of paper and ink products in excess of $100,000 in any calendar year utilized in producing a newspaper. The exact amount of such taxes which are at issue in this case and the annual amount of such taxes anticipated to be collected in the future have not been determined. However, it is estimated that approximately $7 million in refunds will have to be made to various users of paper and ink if the State receives an ad-

verse decision. The Minneapolis Star & Tribune Company has received a favorable verdict on this matter in Hennepin County District Court, but the Minnesota Supreme Court has decided in favor of the Commissioner. The plaintiffs will appeal to the United States Supreme Court. Any liability arising out of a final decision against the State, which is expected within a few months, may impact on the General Fund.

9. **Erie Mining Company and Hibbing Taconite Co.** (Minnesota Tax Court). These two companies are contesting the constitutional validity of Minnesota Statute 298.24, Subdivision 1(c) (Supp. 1977). This statute provides for calculation of the taconite production tax on either the current year's production or the average production of the current and two previous years, whichever is higher. The parties are currently briefing the case in Tax Court. A decision is expected in approximately one year. If the plaintiffs prevail, the amount of refunds which will have to be paid to these mining companies will vary between $13,674,402 and $21,972,003, depending on the theory upon which they prevail. Refunds would be in the form of credits against current tax liability. The exact amount of future revenues which an adverse decision will affect has not been determined. Any liability arising out of a decision against the State may impact on the General Fund and local government funds receiving distributions from the production tax.

10. **United States Fire Ins. Co. v. Smith, Barney, Harris, Upham & Co., et al.** (United States District Court, District of Minnesota). The Minnesota State Zoological Board is named as a third-party defendant in this action by monorail investors for damages against the construction underwriters and bond counsel. The General Fund and Zoo Monorail Fund may be impacted by any liability arising from an adverse decision.

11. Approximately twelve cases brought under the federal Civil Rights Act are pending. In many of these cases the substantive issues relate only to declaratory judgements and/or injunctions as to State laws. If the State loses parts of these cases, the State may be assessed for plaintiffs' attorneys' fees. The decisions in these matters are expected to be rendered at various times over the next two years. Any liability arising from adverse decision may impact on the General Fund.

12. **Trustees of the Minnesota Public Employees Retirement Association, et al. v. The Minnesota State Board of Investment, et al.** (Ramsey County District Court). The Board of Investment comprises the Governor, the State Treasurer, the Secretary of State, the State Auditor, and the Attorney General. The plaintiffs allege that the State Board of Investment and its appointees have not produced adequate rates of return on investments made with public employees' pension funds. The plaintiffs seek damages and other relief. Defendants' motion to dismiss was granted with prejudice. Plaintiffs have filed A Notice of Appeal to the Minnesota Supreme Court. Any liability arising from a decision adverse to the defendants may impact on the General Fund.

13. **Northern States Power Co. v. Commissioner of Revenue** (Ramsey County District Court). The Northern States Power Company is seeking a refund of income taxes in the amount of approximately $1.9 million. The suit is based upon alleged errors made in filing tax returns for several years. No trial date has been established and, therefore, a date of decision is unknown. Any liability arising from a decision adverse to the State may impact on the General Fund.

14. **Ramsey, Hennepin and St. Louis Counties v. Commissioner of Revenue** (Ramsey County District Court). Minnesota Statute 291.33 provided that on or before November 1 of each year the Commissioner of Revenue should remit ten percent of all inheritance and estate taxes collected in the fiscal year ended June 30 to the decedent's county and appropriated funds for such payments from the State Treasury. On June 6, 1981, that statute was repealed, effective January 1, 1981. The counties claim they are entitled to ten percent of the $19 million inheritance and estate taxes collected by the Commissioner from July 1, 1980 to December 31, 1980, or $1.9 million. A district court decision is expected in the early

part of 1982. Any liability arising from a decision against the State would impact on the General Fund.

No opinion is expressed concerning the possible outcome of any of the above cases. Additionally, the State's policy is to address the specific impact of judgments against the State after a final judicial decision is rendered.

20. Contingent Liabilities — Other

Municipal Debt Service

Under Minnesota Statutes Section 475A.02, Municipal Debt Service Aid Law, the state is contingently liable as guarantor for outstanding bonds on June 30, 1981 totaling $8,384,000. Statutory provisions allow defaults to first be charged to a dedicated portion of the Miscellaneous Special Revenue Fund, until depleted, then to the General Fund with subsequent reimbursement to be made from the proceeds of general obligation bonds to be sold.

Family Farm Security Loans

Under Minnesota Statutes Section 41.56, the Family Farm Security Loan Program, the state is contingently liable as guarantor for 90% of the $52,528,000 of outstanding loans as of June 30, 1981. All loans are secured by mortgages on real property. In the event of default, proceeds from the sale of foreclosed property are first applied to the unpaid balance, any remaining debt is then charged to a dedicated portion of the Miscellaneous Special Revenue Fund. Of the loans guaranteed, to date only one has resulted in a charge-off, of $39,000; an additional two loans are presently in default.

Maximum Effort School Loans

General obligation bonds payable in the amount of $32,450,000 are recorded in the Maximum Effort School Loan Fund (an enterprise fund) but rely upon General Fund resources for funding of debt service requirements if the amounts available in the Maximum Effort School Loan Fund are insufficient.

State University Revenue Bonds

General obligation bonds payable in the amount of $16,205,000 are recorded in the State University Revenue Bond Fund (an enterprise fund) under the terms of a refunding agreement. General Fund resources may be used to fund debt service requirements if the amount available in the Revenue Bond Fund is insufficient.

Pension Trust Funds

Unfunded liabilities of the pension trust funds for which the state may be contingently liable, on June 30, 1981, were as follows:

Teachers Retirement Fund	$1,228,407,000
State Employees Retirement Fund	186,431,000
Highway Patrolmen's Retirement Fund	41,798,000
Judges' Retirement Fund	24,101,000
Post-Retirement Fund	32,272,000

Other pension trust fund unfunded liabilities, for which the state is not contingently liable, were as follows:

Public Employees Retirement Fund	$333,798,000
Police and Fire Fund	13,038,000

The above liabilities were computed by actuarial valuations using the entry age normal cost (level normal cost) method, and assuming a 5 percent interest rate and a 3½ percent annual salary growth rate. Additional annual contributions are intended to retire current unfunded liabilities by June 30, 2009.

In addition, the state is also contingently liable for funding of the Legislative Retirement Plan and the Elective State Officers Plan. Because of a lack of current actuarial valuations, neither of these plans could be properly presented in this report.

Potential Employee Claims for Compensated Absences

Most state employees may accumulate vacation leave to a maximum of 240 working hours or 30 days and all such leave must be liquidated at termination. Employees who are separated from state service by reason of death, retirement, or layoff (excluding seasonal) are entitled to a portion of the employee's accumulated but unused sick leave.

The cost of vacation and sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for accumulated annual and sick leave in the state's financial records. It has not been determined if there is a substantial effect on any fund.

Beginning with Fiscal Year 1982, GAAP for proprietary funds requires recognition of the liability for compensated absences. Fiscal Year 1982 financial statements for proprietary funds will include this liability, if material.

21. **Contributed Capital**

Contributed capital of the enterprise and internal service funds consists of moneys or capital assets from, or financed primarily by, General Fund resources.

22. **Retained Earnings**

Reserved retained earnings are portions of fund equity legally segregated for specific uses. Retained earnings reserved per state law are funds appropriated to the Minnesota Housing Financing Agency.

23. **Fund Balances**

The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

The unreserved portion of the fund balance consists of:

a) designated fund balance indicating tentative managerial plans for future use of resources; and
b) undesignated fund balance indicating those unreserved financial resources not dedicated in any manner.

24. **Fund Balances — Special Revenue Funds**

The combined unreserved fund balances for the special revenue funds include an unreserved fund deficit of $3,401,000 for the Highway Users Tax Distribution Fund. This deficit resulted from an accrual adjustment of transfers to be made to the General Fund and will be paid from Fiscal Year 1982 resources.

25. **Fund Balances — General Fund**

The undesignated fund balance deficit in the General Fund is primarily the result of two factors: revenue short-falls and the differences in accounting for budgetary purposes and those for GAAP. The deficit will be funded from Fiscal Year 1982 resources.

- Whenever projected revenues indicate a projected General Fund deficit, the Commissioner of Finance is required to reduce appropriations to balance the budget. Near the end of fiscal year 1981, based on then current revenue projections, the General Fund was projected to be in balance at June 30, 1981. Subsequent revenue shortfalls caused a year end General Fund budgetary deficit of $22,286,000.

- The budget basis fund balance resulting from accounting and reporting practices used in determining the state's official surplus or deficit in the General Fund differs from the GAAP basis fund balance by the following:

Reconciliation–Budgetary to GAAP Basis
(000's Omitted)

General Fund Undesignated Fund Balance June 30, 1981 - Budgetary Basis	$(22,286)
Effect of recognition of revenues, transfers, and advances for accrual purposes:	
Taxes Receivable	10,184
Public Welfare Receivable	4,779
Reimbursement for Gas Tax Refunds	3,710
Advances to Debt Service Fund	1,913
Other	1,570
Effect of recognition of liabilities, transfers, and reserves for accrual purposes:	
Medical Assistance	(29,941)
Police and Fire Aid	(20,836)
Tax Refunds	(11,606)
Reserve for Long-Term Receivables	(6,192)
Workers' and Unemployment Compensation	(3,519)
Other	(820)
General Fund Undesignated Fund Balance June 30, 1981 - GAAP Basis	$(73,044)

26. **Revenue Refunds**

As a part of the individual income tax process, various tax credits are applied against taxes due or tax refunds are increased. These are included in individual income tax revenues and refunds for accounting purposes. These credits are considered grants to individuals by the state for budgeting purposes. In the previous reports the estimated amounts for all such credits were used to adjust refunds so that net individual income tax revenues excluded these credits. The refunds for Fiscal Year 1981 include an amount for low income credit because it is no longer feasible to accurately estimate that portion of the refunds attributable to these credits. The amount of low income credit estimated for Fiscal Year 1980 was $10.2 million. For Fiscal Year 1981 all other such credits were deducted from refunds as done in previous years.

27. **Grant Expenditures**

The following schedule provides additional detail of General Fund and special revenue funds grant expenditures.

Grants and Subsidies
Year Ended June 30, 1981
(000's Omitted)

	General Fund	Combined Special Revenue Funds
Individuals and Private Organizations	$ 212,752	$ 499,903
School Districts	1,145,854	129,632
Other Local Subdivisions	694,552	292,477
Care and Hospitalization	321,165	397,717
Property Tax Relief	51,444	
Other Subdivisions	309,730	7,796
Other	6,426	6,414
Total Grants and Subsidies	$2,741,923	$1,333,939

28. **Reimbursements — General Fund**

The following schedule provides additional detail of General Fund reimbursements.

General Fund Reimbursements
Year Ended June 30, 1981
(000's Omitted)

Indirect Costs	$ 4,562
Federal Public Welfare Reimbursements	13,041
Medical Assistance Recoveries	31,170
Other	5,152
Total Reimbursements	**$53,925**

29. **Accounting and Reporting Changes**

Significant accounting and reporting changes have been made to recognize the changes required by NCGA Statement 1 and to conform more closely to generally accepted accounting principles. Some of these changes require that fund equity and funds held in trust as of July 1, 1980 be restated to give retroactive effect to the changes in accounting and reporting.

Accounting changes that require prior period adjustment to more accurately reflect the beginning fund balance include:

Reclassification of Encumbrances and Liabilities

Grant liability recognition for Fiscal Year 1981 is based on the date services were received (when grant is reimbursement for cost itemized services) rather than on the date of approval for payment. Grant expenditures after June 30, 1980 were analyzed to determine the date services were provided. (See note 1 for a more complete discussion of the recognition criteria.)

Federal Fund Deferred Revenue, Accounts Receivable and Encumbrances

Because federal grants are provided for specific purposes, all funds received before the relevant program liabilities were incurred are reported as deferred revenues, and accounts receivable are recognized when liabilities are incurred before funds are received. This is a departure from past reporting practices when no such analyses had been done, accounts receivable and deferred revenues were estimated and encumbrances were included as reserve of the fund balance.

Elimination of Bonds Authorized and Unissued

To provide consistency among all funds, bonds authorized and unissued are not included as a resource until bonds are sold. This change affects the July 1, 1980 fund balances for the Building Fund and Bond Proceeds Fund in the capital projects funds.

Reporting changes requiring restatement of beginning equity balances include the addition of the equity of funds and entities determined to be a part of the state's reporting entity which were not included in prior years' financial statements. Other activities previously reported were analyzed and reclassified to more appropriate fund types.

A schedule of accounting and reporting changes requiring a restatement of the July 1, 1980 fund balances is shown on the following page. In addition to accounting changes, prior period adjustments reflect other necessary corrections to July 1, 1980 equity balances. Other changes in accounting and reporting do not require a restatement of the July 1, 1980 fund balances, among these are:

STATE OF MINNESOTA

SCHEDULE OF PRIOR PERIOD ADJUSTMENTS AND CHANGES IN REPORTING ENTITY TO JULY 1, 1980 FUND BALANCE (RETAINED EARNINGS) AS PREVIOUSLY REPORTED
(000's Omitted)

	Fund Equity† July 1, 1980 as Previously Reported	Prior Period Adjustments			Changes in Reporting Entity		Fund Equity† July 1, 1980 as Restated
		Revenue Accrual Adjustments	Expenditure Accrual Adjustments	Other	Additions	Other	
Governmental Funds:							
General Fund	$149,392	$ 3,593	$(46,059)	$ 572	$ 119	$	$ 107,617
Special Revenue Funds:							
Game and Fish Fund	8,751	250					9,001
Trunk Highway Fund	40,817	17,769					58,586
Highway User's Tax Distribution Fund	2,378	1,052					3,430
Federal Fund	28,232	(22,006)	(33,753)	27,527			–0–
Employment Services Fund	522			(522)			–0–
Historical Society Fund	–0–				4,409		4,409
Unemployment Compensation Fund	–0–				22,362	273	22,635
Miscellaneous Special Revenue Fund	54,858		(668)	(657)	1,948	(1,058)	54,423
Capital Projects Funds:							
General Project Fund	$ 5,727	$	$	$	$	$ 280	$ 6,007
Building Fund	141,290	(127,749)	(1,491)				12,050
Bond Proceeds Fund	94,534	(79,000)					15,534
Proprietary Funds:							
Enterprise Funds:							
Housing Development Fund (MHFA)	$ –0–	$	$	$	$ 65,862	$	$ 65,862
Programs Fund (MHFA)	–0–				63,985		63,985
Guaranteed Student Loan Program (HECB)	–0–				19,186		19,186
Medical and Osteopathy Student Loan Program (HECB)	–0–				51		51
Maximum Effort School Loan Fund	15,443	281					15,724
Higher Education Facilities Authority Bond Fund	–0–				582		582
State University Board Revenue Bond Fund	–0–				12,996		12,996
Other Enterprise Funds	163				3,019		3,182
Internal Service Funds:							
Computer Services Fund	532	(46)					486
State Printer Revolving Fund	–0–				13		13
Central Stores Fund	–0–				32		32
Administrative Hearing Revolving Fund	–0–				155		155
Other Internal Service Funds	23			12	349		384
Fiduciary Funds:							
Defined Benefit Pension Plans:							
Teachers Retirement Fund	$	$	$	$	$1,232,115	$	$1,232,115
State Employees Retirement Fund	569,166	9					569,175
Public Employees Retirement Fund	–0–				935,009		935,009
Police and Fire Fund	–0–				143,757		143,757
Defined Contribution Plans:							
College Supplemental Retirement Fund	–0–				30,927		30,927
Expendable Trust Funds:							
Endowment Fund	310	(3)					307
	$1,112,138	$(205,850)	$(81,971)	$26,932	$2,536,876	$(505)	$3,387,620

†Includes funds held in trust by pension trust funds.

- Valid encumbrances at June 30 are reported as a reservation of fund balance for subsequent year expenditures. In previous years all valid encumbrances for the current year, at year end, were reported as expenditures.

- A $114 million long-term liability for the Unemployment Compensation Fund is included for the first time in the General Long-Term Debt Account Group. This amount has been borrowed from the Federal Unemployment Trust Fund to pay unemployment compensation benefits. Of the $114 million, $1.9 million was outstanding at June 30, 1980 but was not included in the fiscal year 1980 statement because the Unemployment Compensation Fund was not included as part of the 1980 reporting entity. It is included as a special revenue fund for fiscal year 1981.

- Because of the change in emphasis of reporting brought about by NCGA Statement 1 from reporting by individual fund to reporting at the combined financial statements level, data is more summarized than in financial statements for previous years. Details of assets, liabilities, revenues and expenditures at the individual fund level have been summarized to more general captions for the combined statements. Combining financial statements provide more detail.

- The statements of changes in financial position of the proprietary funds are stated on the basis of the sources and uses of cash and investments (see note 30) rather than working capital as in previous years' statements of changes in financial position.

30. **Statement of Changes in Financial Position**

The Statement of Changes in Financial Position — All Proprietary Fund Types and Similar Trust Funds has been prepared on a basis of cash as the total of cash and investments. For this purpose, investments include short-term marketable securities (cash equivalents), long-term securities and shares held or participation in the net assets of investment trust funds. The previous year's statements of changes in financial position were prepared on a working capital basis (see note 29).

31. **Budget Statements — Special Revenue Funds**

Statements of budgeted revenues and expenditures are presented only for the General Fund. Budgetary statements, as required by GAAP, have not been presented for the special revenue funds. Budgetary data for these funds as reported by the accounting system does not accurately reflect the budgetary data upon which appropriations were based. It was, therefore, not feasible to make comparisons of original appropriated budgets with actual results.

32. **Budget Statements — General Fund**

Budgets for revenues and expenditures and encumbrances of the General Fund are based on the original estimates for fiscal year 1981 at the close of the 1979 Legislative Session when the budget for 1981 was approved. The only adjustments to these estimates are for legislative action occurring prior to July 1, 1980. Legislation in the spring of 1980 increased appropriations by $46.8 million. The budget for expenditures includes these increases. The budget estimates in the statements do not include any revenue or expenditure estimate changes that are not the result of legislation occurring prior to July 1, 1980. Because the increased appropriations included are funded from increased revenue projections, which are not included, budgeted expenditures exceed estimated revenues.

Thus, these estimates do not reflect many events occurring prior to, and during fiscal year 1981. The events not reflected include:

— revenue reforecasts in January, 1980;

— August, 1980 revenue reforecasts indicating that revenues would be $195.1 million less than that needed to fully fund appropriations;

— reductions in appropriations of $195.1 million by the Commissioner of Finance with the approval of the Governor pursuant to Minnesota Statutes Section 16A.15, Subdivision 1;

— further revenue shortfalls in the spring of 1981 resulting in reductions in school aid appropriations of $155 million (see note 12);

— revenue increases of approximately $70 million from accelerated payment of withholding taxes required by legislation passed during Fiscal Year 1981; and

— any increases in estimates of the amounts needed for expenditures where no appropriation amount is specified, i.e., the amount needed is appropriated.

33. **General Fund Budget Statements — Actual Revenue and Transfers In**

Actual revenues and transfers in on the budgetary basis do not equal those on the GAAP basis in the Statement of Revenues, Expenditures and Changes in Fund Balance. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund transactions and loan repayments. Below is a reconciliation of these differences.

Reconciliation of Revenues and Transfers from Other Funds
Budgetary Basis to GAAP Basis
June 30, 1981
(000's Omitted)

Total Net Revenues and Transfers from Other Funds - Budgetary Basis	$3,420,801
Accruals:	
Revenues	15,113
Revenue Refunds	(8,556)
Elimination of:	
Reimbursements	(49,645)
Intrafund Transactions	(38,512)
Deferred Revenue	(5,322)
Loan Repayments	(2,828)
Other	(4,324)
Total Net Revenues and Transfers from Other Funds - GAAP Basis	$3,326,727

34. **General Fund Budget Statements - Actual Expenditures, Encumbrances and Transfers Out**

Actual expenditures, encumbrances and transfers out on the budgetary basis differ from the GAAP basis on the Statement of Revenues, Expenditures and Changes in Fund Balance. This inequality results primarily from the fact that on the budgetary basis encumbrances are recognized as expenditures in the year encumbered while on the modified accrual basis those for which goods or services have been received by June 30 are recognized as expenditures regardless of the year encumbered. In addition, there are differences in the recognition of accruals, reimbursements, intrafund transactions and loan transactions. A reconciliation of these differences is provided below.

Reconciliation of Expenditures, Encumbrances and Transfers to Other Funds - Budgetary Basis and Expenditures and Transfers to Other Funds - GAAP Basis
June 30, 1981
(000's Omitted)

Total Expenditures, Encumbrances and Transfers to Other funds - Budgetary Basis	$3,516,014
Encumbrances:	
Current Year	(31,950)
Prior Year Expended in F.Y. 1981	52,921
Accruals	14,753
Elimination of:	
Reimbursements	(48,773)
Intrafund Transactions	(38,195)
Loan Transactions	(4,457)
Other	(4,935)
Total Expenditures and Transfers to Other Funds - GAAP Basis	$3,455,378

35. **Subsequent Events**

The following events transpired subsequent to the close of the fiscal year ended June 30, 1981.

a. Laws of 1981, Chapter 298, Section 8 provided that the State Board of Investment shall transfer the assets and obligations in the Minnesota Post-Retirement Investment Fund attributable to the retired members of the Minneapolis Employees Retirement Fund (MERF) to the retirement benefit fund established pursuant to Section 7.

On July 1, 1981 a transfer of assets was made to MERF totaling $188,350,000 which equaled 98.9 percent of the estimated assets due MERF of $190,381,000. The final transfer will be based on the proportional share of required reserves of the Post-Retirement Fund attributable to Minneapolis Retirement Fund's retired members as determined by the actuary for the Legislative Commission on Pensions and Retirement.

b. On August 1, 1981, $63,000,000 of general obligation bonds backed by the full faith and credit and taxing powers of the State of Minnesota were sold comprising:

$41,300,000 in State Building Bonds
$13,000,000 in State Transportation Bonds
$ 8,700,000 in State Water Pollution Control Bonds

c. On August 21, 1981, $150,000,000 in general obligation certificates of indebtedness were sold to finance current expenditures in anticipation of taxes to be collected by the General Fund. The certificates plus interest of $1.5 million were repaid on October 1, 1981. On this same date $360,000,000 of similar certificates were sold. These certificates plus interest of $29.0 million are payable on July 1, 1982.

d. On September 18, 1981, $45,000,000 in revenue bonds were sold by the Higher Education Coordinating Board. The proceeds are to be used for making guaranteed student loans.

e. As required by the constitution and statute, transfers from the following funds were made by October 30, 1981 to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1983:

	(Millions)
General Fund	$107.1
State Airports Fund	.4
Trunk Highway Fund	7.8
Maximum Effort School Loan Fund	1.8
Building Fund (Includes Investment Income)	4.7
Bond Proceeds (Includes Investment Income)	1.0
Employment Services Administration Fund	.2
Total Transfers to Debt Service Fund	$123.0

The Maximum Effort School Loan Fund did not have sufficient balance in its loan repayment account to make the total required debt service transfer on October 30. The Laws of 1981, Chapter 358, Article IX appropriated funds to the Maximum Effort School Loan Fund from the General Fund for that purpose and $3.4 million was provided.

f. On November 5, 1981, the estimate of the June 30, 1983 (end of the current biennium) unrestricted budgetary fund balance was revised to a projected deficit of $768 million. A special session of the legislature convened on December 1, 1981 to consider methods of eliminating the projected deficit. On January 14, 1982, a bill became law that included spending cuts and increased revenues resulting in a projected budgetary fund balance at June 30, 1983 of $126 million. This balance does not include a Fiscal Year 1983 Department of Welfare deficiency currently estimated at $50 million. The actual size of the deficiency will not be known until the spring of 1983 at which time a deficiency appropriation will be provided from the fund balance.

g. On December 1, 1981, $52,625,000 in revenue bonds were sold by the Minnesota Housing Finance Agency. The proceeds are to be used for various housing programs.

h. On December 4, 1981, $45,000,000 in revenue bonds were sold by the Higher Education Coordinating Board. The proceeds are to be used for making guaranteed student loans.

i. On December 15, 1981, $4,935,000 in revenue bonds were sold by the Minnesota Housing Finance Agency. The proceeds are to be used for various housing programs.

j. On January 22, 1982, $37,000,000 in revenue bonds were sold by the Higher Education Coordinating Board. The proceeds are to be used for refunding previously issued bonds.

k. On March 9, 1982 the estimated June 30, 1983 unrestricted budgetary fund balance was revised to a projected deficit of $102.6 million. On March 31, 1982 a bill became law that included spending cuts and revenue increases resulting in a new projected fund balance at June 30, 1983 of $127.7 million. The $127.7 million balance does not include a Fiscal Year 1983 Department of Public Welfare deficiency currently estimated at $57 million. The actual size of the deficiency will not be known until the spring of 1983 at which time a deficiency appropriation will be provided from the fund balance.

l. On May 4, 1982, $400,000,000 in general obligation certificates of indebtedness were sold in anticipation of taxes to be collected by the General Fund. The proceeds will be used to finance current expenditures and to repay $360,000,000 of similar certificates due on July 1, 1982. The $400,000,000 plus interest of $38,600,000 is payable on June 1, 1983.

SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
Veterans Service Building
St. Paul, Minnesota 55155

GERALD W. CHRISTENSON
Legislative Auditor

(612) 296-4708

Members of the Legislature
Honorable Albert H. Quie, Governor
Allan L. Rudell, Commissioner, Department of Finance

1. Scope of Audit

We have examined the combining financial statements of the State of Minnesota, and the individual funds presented within the combining financial statements, except those funds discussed in paragraphs 2A and 2B, as of and for the year ended June 30, 1981 as shown on pages 45 to 105. Our examination was made in accordance with generally accepted auditing standards, except as limited by and subject to the reliances explained in paragraphs 2B-E, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

(Note: Individual fund audit opinions on the General Fund, Debt Service Fund, and General Long-Term Debt Account Group are presented earlier in this report along with the combined financial statements.)

2. Scope Limitations and Reliances

A. **Agency Funds** — Our examination of the Agency Funds was limited to forming an opinion on the combining Total Agency Funds financial statement taken as a whole. The individual Agency Funds have been subjected to the auditing procedures applied in the examination of the combining Total Agency Funds financial statements. Our comments on these individual Agency Funds are included in the latter section of this audit opinion.

B. **Inadequate Records And/Or Accounting Policies-Certain Proprietary Funds** — We could not substantiate the beginning inventories for three Internal Service Funds — **State Printer Revolving Fund, Central Stores Fund,** and **Central Mail Fund.** Also, we could not substantiate either the beginning or ending inventories for one Enterprise Fund — **Publications Fund.** Thus, we were unable to determine the effects, if any on the Statements of Revenues, Expenses and Changes in Retained Earnings and the Statements of Changes in Financial Position for these four funds and the Balance Sheet for the Publications Fund.

The state did not maintain adequate inventory or fixed asset records for the **Correctional Industries Fund,** an Enterprise Fund, and the **Office Equipment Rental and Repair Fund,** an Internal Service Fund. We were unable to determine the effects, if any, on the financial statements of these two funds.

Three Internal Service Funds — **Telecommunications Fund, Bemidji Service Center Fund,** and **Postal Clearing Fund,** have not been analyzed to determine the proper accounting policies for the nature of their operations. The decision to include these three as separate Internal Service Funds occurred late in the report preparation process. Thus, we have not audited these three funds.

C. **Local Government Information** — Our examination did not verify the accuracy of the information provided by local units of government. This information is used to calculate various educational aids paid from the **Federal Fund,** a Special Revenue Fund. Accordingly, we were unable to determine the effect, if any, that reliance on this data will have on the financial position of this fund.

D. **Reliance on Actuarial Certifications** — Note 20 discusses the unfunded liability of the **Defined Benefit Pension Funds** and the **Post Retirement Investment Fund,** an Investment Trust Fund. These amounts are presented in accordance with reports certified by the consulting actuaries for the various funds.

E. **Disclaimer of Consistency on Certain Financial Statements** — Combining financial statements and financial statements for several individual funds are included in the state's financial report for the first time. Most of these individual funds have been previously reported only in separate reports issued by their administering agencies. The presentations in those reports are different from those included in this report, due to the differing reporting focus. Therefore, the combining financial statements and the audited financial statements presented herein for the following individual funds are not consistent with those presented in prior fiscal years:

- Special Revenue Funds — **Historical Society Fund**
  — **Unemployment Compensation Fund**
- Enterprise Funds — **Minnesota Housing Finance Agency Loan Funds**
  — **Higher Education Coordinating Board Student Loan Funds**
  — **Higher Education Facilities Authority Bond Fund**
  — **State University Board Revenue Bond Fund**
  — **State Auditor's Revolving Fund**
  — **Publications Fund**
- Internal Service Funds — **State Printer Revolving Fund**
  — **Central Stores Fund**
  — **Administrative Hearings Revolving Fund**
  — **Central Mail Fund**
  — **Central Maintenance Fund**
- Expendable Trust Funds — **Rural Rehabilitation Trust Fund**
- Defined Benefit Pension Funds — **All Funds**
- Defined Contribution Pension Funds — **All Funds**

Finally, the **Resource Recovery Fund,** an Enterprise Fund, is in its first year of existence. Accordingly, we make no reference to consistency in its audit opinion.

3. Omission of Required Financial Statements

Generally accepted accounting principles require budgetary comparative statements for the General Fund and Special Revenue Funds. These required statements are not presented for the **Special Revenue Funds,** as explained in note 31.

4. Liability Recognition Problems

A. **Special Workers' Compensation Program** — The state maintains a Special Workers' Compensation Program which provides benefits to eligible persons and is funded by employers. The program is currently reported within the Agency Funds (see paragraph 7B). Since the program is accounted for on a cash basis (see paragraph 5A), approximately $18 million of liabilities, as determined by our audit tests are not reported.

B. **Litigation** — The lawsuit numbered 6 in note 19 discusses the taconite production tax case which is pending. $32 million of the production taxes, including accrued interest, has been accumulated in the Northeast Minnesota Economic Protection Fund, an Expendable Trust Fund. Minnesota law stipulates that this money shall be held in trust until the year 2002, when it is to be used for

designated purposes. However, an adverse decision in the production tax case may require the repayment of these monies. Accordingly, we could not determine the effects, if any, that this lawsuit has on the **Northeast Minnesota Economic Protection Fund.**

C. **State Auditor's Compensated Absences Liability** — The State Auditor's Revolving Fund, an Enterprise Fund, recognizes a liability for sick leave based upon aggregate accumulated hours without consideration to eventual payment or vesting. This practice does not comply with generally accepted accounting principles. Accordingly, liabilities are overstated and retained earnings are understated by approximately $161,000 in the **State Auditor's Revolving Fund.**

5. **Improper Basis of Accounting**

Two funds are maintained on essentially a cash basis, rather than the modified accrual basis as required by generally accepted accounting principles. Proper accrual accounting records were not maintained for these funds. We were unable to reasonably determine the effect of this departure from generally accepted accounting principles. The two funds and their respective fund types are:

- The **Unemployment Compensation Fund,** a Special Revenue Fund, and
- The **Workers' Compensation Special Payment Fund,** an Agency Fund (also, see paragraphs 4C and 7B).

6. **Asset Valuation Problems**

A. **Omission of Permanent School Fund Land** — As discussed in note 10, the Permanent School Fund, a Nonexpendable Trust Fund, owns 2.5 million acres of land donated to the state by the federal government in the mid-1800's. Generally accepted accounting principles require donated assets to be recognized at their fair market value at acquisition date. Neither the past nor current value of the land has been determined. Accordingly, the land has not been recognized as an asset of the **Permanent School Fund.**

B. **Potentially Uncollectible School Loans** — The Maximum Effort School Loan Fund, an Enterprise Fund, has $38.6 million of outstanding loans to school districts. There are, however, various legal provisions whereby certain school districts may not be required to repay their outstanding loans. Because of the uncertainty associated with the future collectibility of these loans, we were unable to determine the effects, if any, on the **Maximum Effort School Loan Fund.**

C. **Potential Repossession of Zoo Monorail Equipment** — As discussed in note 15, the Zoo Monorail Fund, an Enterprise Fund, has defaulted on the installment contract for purchase of the zoo monorail. The investors/assignees of the installment contract have various options following the default including operating the monorail themselves or repossessing the monorail equipment. The investors/assignees have not exercised these options pending the outcome of litigation between the affected parties, as discussed in note 19. A decision by the investors/assignees to exercise certain of the options available to them would effectively eliminate the $5 million of assets of the fund. Accordingly, we could not determine the effects, if any, on the **Zoo Monorail Fund.**

7. **Classification Problems**

A. **College and University Funds** — The state universities and community colleges are not reported in compliance with the accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) as required by generally accepted accounting principles. The college and university activities are reported as discussed in note 1. If these activities were presented as required by NACUBO, the following funds would be materially affected:

- Special Revenue Funds — **Federal Fund**
  — **Gift Fund**
- Capital Projects Funds — **General Projects Fund**
  — **Building Fund**
- Agency Funds — **State University System Student Activity Fund**
  — **Community College System All College Fund**

- Expendable Trust Funds — **Endowment Fund**
- Enterprise Fund — **State University Board Revenue Bond Fund**

B. **Workers' Compensation Special Payment Fund** — The **Workers' Compensation Special Payment Fund** which is presented as an Agency Fund, as discussed in note 1, should be presented as a Special Revenue Fund as required by generally accepted accounting principles.

C. **Interdepartmental Warrants** — As discussed in note 1, the state is unable to identify certain interfund and intrafund transactions which occur as the result of one state entity paying another with a state warrant. Thus, all such transactions are accounted for as revenues of the recipient fund and expenditures of the disbursing fund. Our audit tests indicate that both revenues and expenditures are overstated in three Special Revenue Funds: **Trunk Highway Fund, Federal Fund,** and **Miscellaneous Special Revenue Fund.** Further, the **Gift Fund,** also a Special Revenue Fund, is involved with such activities, but we were unable to determine the effects, if any, on its operations.

8. Supplemental Schedules

There are two supplemental schedules to the General Long-Term Debt Account Group, as listed in the table of contents. Our examination of the account group was made for the purpose of forming an opinion on its basic financial statement. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statement. These schedules have been subjected to the auditing procedures applied in the examination of the basic financial statement; and in our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statement.

OPINION AND/OR COMMENT PARAGRAPHS ON THE COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Special Revenue Funds

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matters discussed in paragraphs 5, 7A, 7B, and 7C and **subject to** the effects, if any, of the matter discussed in paragraph 2C, the aforementioned combining financial statements present fairly the financial position of the **Special Revenue Funds** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3, the aforementioned financial statements present fairly the financial position of the **State Airports Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3, the aforementioned financial statements present fairly the financial position of the **Game and Fish Fund, Highway Users Tax Distribution Fund,** and **Employment Services Administration Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 29.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matter discussed in paragraph 7C, the aforementioned financial statements present fairly the financial position of the **Trunk Highway Fund** and **Miscellaneous Special Revenue Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 29.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matters discussed in paragraphs 7A and 7C and **subject to** the effects, if any, of the matter discussed in paragraph 2C, the aforementioned financial statements present fairly the financial position of the **Federal Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in note 29.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matter discussed in paragraph 7A, and **subject to** the effects, if any, of the matter discussed in paragraph 7C, the aforementioned financial statements present fairly the financial position of the **Gift Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 3, the aforementioned financial statements present fairly the financial position of the **Historical Society Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, because of the effects of the matters discussed in paragraphs 3 and 5, the aforementioned financial statements **do not present fairly** the financial position of the **Unemployment Compensation Fund** of the State of Minnesota at June 30, 1981, or the results of operations for the year then ended in conformity with generally accepted accounting principles.

Capital Project Funds

In our opinion, **except for** the effects of the matter discussed in paragraph 7A, the aforementioned combining financial statements present fairly the position of the **Capital Project Funds** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting princples.

In our opinion, **except for** the effects of the matter discussed in paragraph 7A, the aforementioned financial statements present fairly the financial position of the **General Projects Fund** and **Building Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in note 29.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Transportation Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Bond Proceeds Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 29.

Enterprise Funds

In our opinion, **except for** the effects of the matters discussed in paragraph 7A and **subject to** the effects, if any, of the matters discussed in paragraphs 2B, 6B, and 6C, the aforementioned combining financial statements present fairly the financial position of the **Enterprise Funds** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Housing Finance Agency Loan Funds, Higher Education Coordinating Board Student Loan Funds, Higher Education Facilities Authority Bond Fund,** and **Resource Recovery Revolving Fund,** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

Because of the uncertain collectibility of its loans receivable as discussed in paragraph 6B, we were unable to determine whether the **Maximum Effort School Loan Fund** would be able to continue its existence as a self-sustaining activity. Accordingly, **we express no opinion** on its financial statements as of June 30, 1981.

In our opinion, **except for** the effects of the matter discussed in paragraph 7A, the aforementioned financial statements present fairly the financial position of the **State University Board Revenue Bond Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

Because the state did not take physical inventories, and inadequate inventory and fixed asset records were maintained, as discussed in paragraph 2B, the scope of our work was not sufficient to enable us to express, and **we do not express,** an opinion on the **Correctional Industries Fund** financial statements at June 30, 1981.

In our opinion, **except for** the effects of the matter discussed in paragraph 4C, the aforementioned financial statements present fairly the financial position of the **State Auditor's Revolving Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

Because of the uncertain future ownership of the zoo monorail equipment as discussed in paragraph 6C, we were unable to determine whether the **Zoo Monorail Fund** would be able to continue in existence. Accordingly, **we express no opinion** on its financial statements as of June 30, 1981.

In our opinion, **subject to** the effects, if any, of the matter discussed in paragraph 2B, the aforementioned financial statements present fairly the financial position of the **Publications Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Federal Surplus Property Fund** and **Commuter Van Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the presentation of the Statement of Changes in Financial Position as discussed in note 29, have been applied on a basis consistent with that of the preceding year.

Internal Service Funds

In our opinion, **subject to** the effects, if any, of the matter discussed in paragraph 2B, the aforementioned combining financial statements present fairly the financial position of the **Internal Service Funds** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Computer Services Fund,** and **Central Motor Pool Fund, Micrographics Fund,** and **Central Delivery Service Fund,** of the State of Minneosta at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the presentation of the Statement of Changes in Financial Position as discussed in note 29, have been applied on a basis consistent with that of the preceding year.

In our opinion, **subject to** the effects, if any, of the matter discussed in paragraph 2B, the aforementioned financial statements present fairly the financial position of the **State Printer Revolving Fund, Central Stores Fund,** and **Central Mail Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Administrative Hearings Revolving Fund** and the **Central Maintenance Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

Because the state did not maintain adequate records or establish appropriate accounting policies, as discussed in paragraph 2B, the scope of our work was not sufficient to enable us to express, and **we do not express,** an opinion on the **Office Equipment Rental and Repair Fund, Telecommunications Fund, Bemidji Service Center Fund,** and **Postal Clearing Fund** financial statements at June 30, 1981.

Pension Trust Funds

In our opinion, relying on the certifications from the consulting actuaries as to reserves required, as explained in paragraph 2D, the aforementioned combining and individual fund financial statements **present fairly** the financial position of the **Defined Benefit Pension Funds** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned combining and individual fund financial statements **present fairly** the financial position of the **Defined Contribution Pension Funds** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, relying on the certifications from the consulting actuaries as to reserves required for the **Minnesota Post Retirement Investment Fund,** as explained in paragraph 2D, the aforementioned combining and individual fund financial statements **present fairly** the financial position of the **Investment Trust Funds** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Nonexpendable Trust Fund

In our opinion, **except for** the effects of the matter discussed in paragraph 6A, the aforementioned financial statements present fairly the financial position of the **Permanent School Fund** of the State of Minnesota at June 30, 1981, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the presentation of the Statement of Changes in Financial Position as discussed in note 29, have been applied on a basis consistent with that of the preceding year.

Expendable Trust Funds

In our opinion, **subject to** the effects, if any, of the matter discussed in paragraph 4B, the aforementioned combining financial statements present fairly the financial position of the **Expendable Trust Funds** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **County State Aid Highway Fund, Municipal State Aid Street Fund,** and the **Endowment School Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, **except for** the effects of the matter discussed in paragraph 7A, the aforementioned combining financial statements present fairly the financial position of the **Endowment Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 29.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Rural Rehabilitation Trust Fund** of the State of Minnesota at June 30, 1981, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles.

Because of the uncertainty resulting from the lawsuit discussed in paragraph 4B, we were unable to determine whether the **Northeast Minnesota Economic Protection Fund** will be able to continue its existence. Accordingly, **we express no opinion** on its financial statements as of June 30, 1981.

Agency Funds

In our opinion, **except for** the effects of the matters discussed in paragraphs 4A, 5, 7A, and 7B, the aforementioned combining financial statements present fairly the financial position of the **Agency Funds** of the State of Minnesota at June 30, 1981, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles.

Our examination of the Agency Funds was made for the purpose of forming an opinion on its combining financial statement taken as a whole. The individual Agency Fund financial statements are presented for purposes of additional analysis and have been subjected to the auditing procedures applied in the examination of the combining financial statement. In our opinion, the **Disbursement Clearing Fund, Taxes Clearing Fund, Social Welfare Fund, Federal County Road and Bridge Fund** and **Miscellaneous Agency Fund** financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole. In our opinion, the **Workers' Compensation Special Payment Fund** is not fairly stated because of the effects of the matters discussed in paragraphs 4A, 5, and 7B. In our opinion, the **State University System — Student Activity Fund** and **Community College System — All College Fund** are not fairly stated because of the effect of the matter discussed in paragraph 7A.

Gerald W. Christenson
Legislative Auditor

January 15, 1982

SPECIAL REVENUE FUNDS

The **STATE AIRPORTS FUND** receives revenue from aviation related taxes and fees. These revenues are used by the Department of Transportation to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.

The **GAME AND FISH FUND** receives revenues from licenses and fines related to hunting and fishing, the receipts of which are appropriated to the Department of Natural Resources for related purposes.

The **TRUNK HIGHWAY FUND** is supported by revenues from the Highway Users Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The **HIGHWAY USERS TAX DISTRIBUTION FUND** receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The **FEDERAL FUND** receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The **EMPLOYMENT SERVICES ADMINISTRATION FUND** receives federal funds to finance the administration of the unemployment insurance, vocational rehabilitation and job services programs.

The **GIFT FUND** receives donations and endowments. Expenditures are limited to purposes designated by donors.

The **HISTORICAL SOCIETY FUND** receives donations, grants and transfers for the purposes of collecting, preserving, interpreting and disseminating information about the state's history.

The **UNEMPLOYMENT COMPENSATION FUND** receives unemployment taxes collected from employers and makes payments to eligible individuals in the form of unemployment benefits.

The **MISCELLANEOUS SPECIAL REVENUE FUND** receives revenue from various dedicated sources, the expenditures of which are limited by constitution or law for specific purposes.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	State Airports Fund	Game and Fish Fund	Trunk Highway Fund	Highway Users Tax Distribution Fund
ASSETS				
Cash	$ 245	$10,129	$ (469)	$ 5,862
Imprest Cash			32	2
Investments (3)	8,200		49,120	
Accounts Receivable (4)		1,331	1,671	2,382
Due From Other Funds	219	299	3,201	
Accrued Investment Income	174		876	
Federal Aid Receivable (5)		1,437	21,862	
Amount to be Provided – Advances From FHWA (6)			16,247	
Inventory (7)			15,777	
Loans Receivable (8)	2,165			
Prepaid Expense				
Advances to Other Funds	50		74	
Restricted Assets (9)				
Total Assets	$11,053	$13,196	$108,391(10)	$8,246
LIABILITIES, DEFERRED REVENUES AND FUND BALANCES				
Liabilities:				
Salaries and Accounts Payable	$ 1,612	$ 3,275(11)	$ 30,872	$ 1,685
Contract and Retainage Payable			2,160	
Payable to Other Funds	6	32	549	8,961
Payable to Counties			86	
Advances From Other Funds			50	
Advances From FHWA (6)			16,247	
Accounts Payable to be Paid From Restricted Assets				
Total Liabilities	$ 1,618	$ 3,307	$ 49,964	$10,646
Deferred Revenues			$ 211	
Fund Balances:				
Reserved:				
Reserved for Encumbrances	$ 5,336	$ 1,467	$ 15,041	$ 1,001
Reserved for Long-Term Receivables	2,165			
Reserved for Inventory (7)			15,777	
Reserved for Advances	50		74	
Reserved for Long-Term Commitments (15)			5,749	
Total Reserved Fund Balances	$ 7,551	$ 1,467	$ 36,641	$ 1,001
Unreserved:				
Designated for Appropriation Carryover	$ 658	$ 426	$ 5,938	$ (3,401)(14)
Designated by Donor Agreements (9)				
Designated for Fund Purposes	1,226	7,996	15,637	
Total Unreserved Fund Balances	$ 1,884	$ 8,422	$ 21,575	$ (3,401)
Total Fund Balances (Deficits)	$ 9,435	$ 9,889	$ 58,216	$ (2,400)
Total Liabilities, Deferred Revenues and Fund Balances	$11,053	$13,196	$108,391	$ 8,246

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

Federal Fund	Employment Services Administration Fund	Gift Fund	Historical Society Fund	Unemployment Compensation Fund	Miscellaneous Special Revenue Fund	Combined Totals
$30,989	$ 457	$1,188	$ 696	$36,146	$36,511	$121,754
19	8					61
		452	1,866		22,505	82,143
		13	28	4,711	5,134	15,270
30	334	115	132	605	981	5,916
58,125	2,064	15	77		887	2,029
						83,488
			196			16,247
					1,654	15,973
2	3		26		2	3,819
						33
			2,734			124
						2,734
$89,165	$2,866	$1,783	$5,755	$41,462	$67,674	$349,591
$72,127	$2,026	$ 170	$ 347	$ 101	$ 5,438	$117,653
		10				2,170
5,800	840		34		3,857	20,079
						86
					50	100
						16,247
			237			237
$77,927	$2,866	$ 180	$ 618	$ 101	$ 9,345	$156,572
$11,238			$ 82			$ 11,531
		$ 371	$ 655	$ 79	$ 2,482	$ 26,432
					1,549	3,714
			197			15,974
						124
					16,420	22,169
		$ 371	$ 852	$ 79	$20,451	$ 68,413
		$1,232	$	$	$37,878	$ 42,731
			2,414			2,414
			1,789	41,282		67,930
		$1,232	$4,203	$41,282	$37,878	$113,075
–0–	–0–	$1,603	$5,055	$41,361	$58,329	$181,488
$89,165	$2,866	$1,783	$5,755	$41,462	$67,674	$349,591

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	State Airports Fund	Game and Fish Fund	Trunk Highway Fund	Highway Users Tax Distribution Fund
Revenues:				
Taxes	$ 9,004	$	$	$375,193
Federal Grants		5,142	167,507	
Intergovernmental Revenue				
Departmental Earnings	36	16,300	15,465	1,634
Revenue From Use of Property		167	1,077	
Gifts, Donations, Bequests				
Statutory Fines				
Investment Income	1,140		5,196	
Other Revenue		429	5,738	22
Gross Revenue	$ 10,180	$ 22,038	$194,983	$376,849
Less Revenue Refunds	1,078	167	131	23,302
Net Revenue	$ 9,102	$21,871	$194,852	$353,547
Expenditures:				
Current:				
Protection of Persons/Property	$	$	$ 31,913	$ 6,852
Transportation	390		158,350	
Resource Management		17,828		
Economic/Manpower Development			14	
Education			14	
Health and Social Services			289	
General Government			15	
Total Current Expenditures	$ 390	$17,828	$190,595	$ 6,852
Capital Outlay:				
Equipment	$ 157	$ 958	$ 8,121	$ 73
Real Property	123	1,094	209,102	22
Total Capital Outlay	$ 280	$ 2,052	$217,223	$ 95
Grants and Subsidies:				
Individuals and Private Organizations	$ 45	$ 143	$ 50	
School Districts				
Local Subdivisions	10,212	607	5	
Care and Hospitalization				
Other Subdivisions		68	41	
Other				
Total Grants and Subsidies	$10,257	$ 818	$ 96	
Total Expenditures	$10,927	$20,698	$407,914	$ 6,947
Less Reimbursements:				
To Other Funds	(1,175)	(625)		(2,198)
From Other Funds		9	2,944	
From Other Sources				
Net Expenditures	$12,102	$21,314	$404,970	$ 9,145
Excess of Revenues Over (Under) Expenditures	$ (3,000)	$ 557	$(210,118)	$344,402
Other Financing Sources (Uses):				
Loans and Advances from Federal Government	$	$	$ 995	$
Operating Transfers In		331	216,256	
Net Increase in Inventory			2,085	
Operating Transfers to Debt Service Fund	(425)		(9,588)	
Other Operating Transfers Out				(350,232)
Net Other Financing Sources (Uses)	$ (425)	$ 331	$209,748	$(350,232)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	$(3,425)	$ 888	$ (370)	$ (5,830)
Fund Balance, July 1, 1980, As Previously Reported	$12,860	$ 8,751	$ 40,817	$ 2,378
Prior Period Adjustment		250	17,769	1,052
Change in Reporting Entity				
Fund Balance, July 1, 1980, As Restated	$12,860	$ 9,001	$ 58,586	$ 3,430
Fund Balance, June 30, 1981	$ 9,435	$ 9,889	$ 58,216	$ (2,400)

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1981
(000's Omitted)

Federal Fund	Employment Services Administration Fund	Gift Fund	Historical Society Fund	Unemployment Compensation Fund	Miscellaneous Special Revenue Fund	Combined Totals
$	$	$	$	$	$	$ 384,197
1,058,037	40,827		292	6,945	570	1,279,320
119	1,199				885	2,203
			642	228,270	11,652	273,999
					3,258	4,502
		2,420	1,151			3,571
					11	11
		100	471		2,330	9,237
4,768	302	65		3,381	2,284	16,989
$1,062,924	$42,328	$2,556	$2,585	$238,596	$20,990	$1,974,029
669	69	2			420	25,838
$1,062,255	$42,259	$2,583	$2,556	$238,596	$20,570	$1,948,191
$ 6,668	$	$	$		$ 7	$ 45,440
397						159,137
9,994		290			2,840	30,952
24,071	38,753	12			4,025	66,875
15,239		783	7,326		3,007	26,369
19,054		63			4,723	24,129
993		136			1,066	2,210
$ 76,416	$38,753	$1,284	$7,326		$15,668	$ 355,112
$ 2,765	$ 1,723	$ 123	$ 326	$ 163	$ 739	$ 15,148
2,007	389	841	1,011	24	1,932	216,545
$ 4,772	$ 2,112	$ 964	$1,337	$ 187	$ 2,671	$ 231,693
$ 157,582	$ 396	$ 408	$ 912	$337,361	$ 3,006	$ 499,903
129,107	270	49			206	129,632
266,104	54	25	55		15,415	292,477
397,717						397,717
7,127		3	257		300	7,796
6,414						6,414
$ 964,051	$ 720	$ 485	$1,224	$337,361	$18,927	$1,333,939
$1,045,239	$41,585	$2,733	$9,887	$337,548	$37,266	$1,920,744
(242)	(436)				(307)	(4,983)
			72	5,578	12	8,615
			35			35
$1,045,481	$42,021	$2,733	$9,780	$331,970	$37,561	$1,917,077
$ 16,774	$ 238	$ (150)	$(7,224)	$(93,374)	$(16,991)	$ 31,114
$	$		$	$112,100	$	$ 113,095
			7,898		24,032	248,517
						2,085
						(10,013)
(16,774)	(238)		(28)		(3,135)	(370,407)
$ (16,774)	$ (238)		$7,870	$112,100	$20,897	$ (16,723)
-0-	-0-	$ (150)	$ 646	$ 18,726	$ 3,906	$ 14,391
$ 28,232	$ 522	$1,753	-0-	-0-	$54,858	$ 150,171
(28,232)	(522)				(1,325)	(11,008)
			4,409	22,635	890	27,934
-0-	-0-	$1,753	$4,409	$ 22,635	$54,423	$ 167,097
-0-	-0-	$1,603	$5,055	$ 41,361	$58,329	$ 181,488

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

SPECIAL REVENUE FUNDS NARRATIVE EXPLANATIONS

1. Trunk Highway Fund Accounts Receivable has been reduced by the $449,000 allowance for doubtful accounts.

2. In the Trunk Highway Fund, federal aid agreements were previously shown as an asset to offset related project encumbrances which had no material effect on the unrestricted fund balance. To comply with generally accepted accounting principles, project encumbrances and federal aid agreements will no longer be recognized until the period in which the liability is incurred. Total federal aid agreements as of June 30, 1981 were $161,121,000.

3. The Miscellaneous Special Revenue Fund Loans Receivable is shown net of $173,000 of allowances for doubtful accounts.

CAPITAL PROJECTS FUNDS

The **GENERAL PROJECT FUND** receives monies appropriated from the General Fund for building or capital improvement projects.

The **TRANSPORTATION FUND** receives proceeds of transportation bonds, general fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The **BUILDING FUND** receives revenue from the sale of state bonds to provide funds for the acquisition and betterment of public lands and buildings.

The **BONDS PROCEEDS FUND** receives revenue from the sale of bonds which are not designated for the building fund. Included in this fund are bonds sold for grants to local government for sewer construction.

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	General Project Fund	Transportation Fund	Building Fund	Bond Proceeds Fund	Combined Totals
ASSETS					
Cash	$2,822	$24,376	$ 87	$1,607	$28,892
Investments			12,190	3,734	15,924
Accrued Investment Income			400	148	548
Due from Other Funds	6				6
Loans Receivable			439		439
Total Assets	$2,828	$24,376	$13,116	$5,489	$45,809
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 216	$ 164	$ 4,655	$2,266	$ 7,301
Contract Retainage Payable	64	18	2,326		2,408
Payable to Other Funds			3,201	679	3,880
Land Purchase Contracts – Current			145		145
Land Purchase Contracts – Non-Current			126		126
Total Liabilities	$ 280	$ 182	$10,453	$2,945	$13,860
Fund Balance:					
Reserved for Long-Term Commitments	$2,548	$ 95	$ 2,663	$2,544	$ 7,850
Unreserved Fund Balance Designated for Appropriation Carryover		24,099			24,099
Total Fund Balance	$2,548	$24,194	$ 2,663	$2,544	$31,949
Total Liabilities and Fund Balance	$2,828	$24,376	$13,116	$5,489	$45,809

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	General Project Fund	Transportation Fund	Building Fund	Bond Proceeds Fund	Combined Totals
Revenues:					
Investment Income	$	$	$ 3,685	$ 1,177	$ 4,862
Other		1			1
Total Revenues		$ 1	$ 3,685	$ 1,177	$ 4,863
Expenditures:					
Current:					
Transportation	$	$	$ 171	$	$ 171
Resource Management	1		2,962	136	3,099
Economic/Manpower Development			9		9
Education	53				53
General Government	342		2,898		3,240
Total Current Expenditures	$ 396	$	$ 6,040	$ 136	$ 6,572
Capital Outlay:					
Equipment	$ 158	$	$ 267	$	$ 425
Real Property	1,875	670	37,867		40,412
Total Capital Outlay	$2,033	$ 670	$ 38,134	$	$ 40,837
Grants and Subsidies:					
To School Districts	$ 1	$	$ 924	$	$ 925
To Other Local Subdivisions	63	9,112	2,711	15,654	27,540
To Other Subdivisions	318		31,420		31,738
Total Grants and Subsidies	$ 382	$ 9,112	$ 35,055	$15,654	$ 60,203
Total Expenditures	$2,811	$ 9,782	$ 79,229	$15,790	$107,612
Excess of Revenue Over (Under) Expenditures	(2,811)	(9,781)	(75,544)	(14,613)	(102,749)
Other Financing Sources (Uses):					
General Obligation Bonds	$	$13,000	$ 70,200	$ 2,800	$ 86,000
Federal Grants			34		34
Reimbursements			435		435
Subtotal		$13,000	$ 70,669	$ 2,800	$ 86,469
Transfers to Other Funds:					
General Fund	(601)				(601)
Debt Service Fund			(4,178)	(1,177)	(5,355)
Historical Society Fund	(47)		(334)		(381)
Total Transfers to Other Funds	$ (648)		$ (4,512)	$ (1,177)	$ (6,337)
Total Net Financing Sources (Uses)	$ (648)	$13,000	$ 66,157	$ 1,623	$ 80,132
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	$(3,459)	$ 3,219	$ (9,387)	$(12,990)	$ (22,617)
Fund Balance July 1, 1980, as Previously Reported	5,727	20,975	141,290	94,534	262,526
Prior Period Adjustment (3)			(129,240)	(79,000)	(208,240)
Change in Reporting Entity (3)	280				280
Fund Balance, July 1, 1980 Restated	6,007	20,975	12,050	15,534	54,566
Fund Balance, June 30, 1981	$2,548	$24,194	$ 2,663	$ 2,544	$ 31,949

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

ENTERPRISE FUNDS

The **MINNESOTA HOUSING FINANCE AGENCY FUNDS** provide money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The **HIGHER EDUCATION COORDINATING BOARD FUNDS** make loans to qualified post secondary students.

The **MAXIMUM EFFORT SCHOOL LOAN FUND** helps school districts finance construction of facilities.

The **MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY** assists nonprofit nonsectarian post secondary educational institutions in financing construction of educational facilities.

The **STATE UNIVERSITY BOARD REVENUE BOND FUND** constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The **MINNESOTA CORRECTIONAL FACILITIES INDUSTRIES FUND** facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The **STATE AUDITOR'S REVOLVING FUND** accounts for those activities of the Office of the State Auditor which are billable to local government units.

The **ZOO MONORAIL FUND** accounts for the operation of the zoo monorail.

The **PUBLICATION FUND** accounts for the production of the "State Register", the Minnesota Code of Agency Rules and the sale of state publications.

The **FEDERAL SURPLUS PROPERTY FUND** accounts for sales of surplus items of the federal government.

The **COMMUTER VAN FUND** accounts for the operation of vans for state employee commuters.

The **RESOURCE RECOVERY REVOLVING FUND** accounts for the collection and sale of recyclable byproducts of state operations.

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Housing Finance Agency Loan Funds		Higher Education Coordinating Board Student Loan Funds	
	Housing Development Fund	Programs Fund	Guaranteed Student Loan Fund	Medical and Osteopathy Student Loan Program
ASSETS				
Current Assets:				
Cash	$ (177)	$	$ 464	$
Investments	86,973	95,821	47,783	491
Accounts Receivable (Net)				
Accrued Income	2,670	13,764	10,190	
Loans and Notes Receivable (Net)		16,619	9,987	
Due from Other Funds				
Inventory				
Deferred Costs		23,170	558	14
Other		1,075		
Total Current Assets	$89,466	$ 150,449	$ 68,982	$ 505
Restricted Assets, Cash and Investments:				
State University Board Student Deposits		$	$	$
Deposits Held by Debt Service Fund				
Revenue Bond Reserve Accounts		153,355	62,110	262
Total Restricted Assets		$ 153,355	$ 62,110	$ 262
Non-Current Assets:				
Loans and Financing Leases Receivable	$ 8,863	$ 872,191	$154,205	$2,835
Fixed Assets and Improvements (Net of Accumulated Depreciation)(1)	131		21	
Total Non-Current Assets	$ 8,994	$ 872,191	$154,226	$2,835
Total Assets	**$98,460**	**$1,175,995**	**$285,318**	**$3,602**
LIABILITIES, DEFERRED REVENUES AND FUND EQUITY				
Liabilities:				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	$ 763	$ 522	$ 348	
Payable to Other Funds				
Installment Purchases and Notes Payable		23,807		
Accrued Interest Payable		578		
Compensated Absences				
Escrow Funds Held in Trust	32,329			
Total Current Liabilities	$33,092	$ 24,907	$ 348	
Current Liabilities (Payable from Restricted Assets):				
Accounts Payable		$	$	$
Revenue Bonds Payable (Maturing)		27,320	10,250	
Revenue Bonds Interest Payable		30,285	4,411	52
General Obligation Bonds Payable (Maturing)				
General Obligation Bonds Interest Payable				
Total Restricted Liabilities		$ 57,605	$ 14,661	$ 52
Non-Current Liabilities:				
Advances from Other Funds		$	$	$
Revenue Bonds Payable		1,006,289	232,051	3,415
General Obligation Bonds Payable				
Total Non-Current Liabilities		$1,006,289	$232,051	$3,415
Total Liabilities	**$33,092**	**$1,088,801**	**$247,060**	**$3,467**
Deferred Revenue	**$10,942**			
Fund Equity:				
Contributed Capital (2)			$ 1,900	
Retained Earnings:				
Reserved:				
Reserved per Debt Requirements	$	$ 10,598	$ 10,961	$ 210
Reserved per State Law	44,431	33,718		
Total Reserved Retained Earnings	$44,431	$ 44,316	$ 10,961	$ 210
Unreserved Retained Earnings	9,995	42,878	25,397	(75)
Total Retained Earnings	$54,426	$ 87,194	$ 36,358	$ 135
Total Fund Equity	**$54,426**	**$ 87,194**	**$ 38,258**	**$ 135**
Total Liabilities, Deferred Revenue and Fund Equity	**$98,460**	**$1,175,995**	**$285,318**	**$3,602**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

Maximum Effort School Loan Fund	Higher Education Facilities Authority Bond Fund	State University Board Revenue Bond Fund	Other Enterprise Funds	Combined Totals
$ 185	$ 19	$ (68)	$ 1,001	$ 1,424
2,439	125	10,650	1,086	245,368
		223	2,416	2,639
258		646	48	27,576
753			501	27,860
		3	14	17
			3,438	3,438
		81	12	23,835
	8			1,083
$ 3,635	$ 152	$11,535	$ 8,516	$ 333,240
$	$	$ 225	$	$ 225
6,917		1,351		8,268
	13,179	10,781	297	239,984
$ 6,917	$13,179	$12,357	$ 297	$ 248,477
$39,293	$54,120	$ 19	$	$1,131,526
	2	51,726	8,447	60,327
$39,293	$54,122	$51,745	$ 8,447	$1,191,853
$49,845	**$67,453**	**$75,637**	**$17,260**	**$1,773,570**
	$ 19	$	$ 668	$ 2,320
		927	37	964
			8,413	32,220
			667	1,245
			447	447
				32,329
	$ 19	$ 927	$10,232	$ 69,525
$	$ 4	$ 1,954		$ 1,958
	2,240	905		40,715
	1,027	370		36,145
4,590		490		5,080
447		290		737
$ 5,037	$ 3,271	$ 4,009		$ 84,635
$	$	$	$ 204	$ 204
	63,362	32,803		1,337,920
27,860		15,721		43,581
$27,860	$63,362	$48,524	$ 204	$1,381,705
$32,897	**$66,652**	**$53,460**	**$10,436**	**$1,535,865**
		$ 448	**$ 99**	**$ 11,489**
		$ 7,905	$ 5,563	$ 15,368
$ 1,880	$ 666	$ 8,348	$ 297	$ 32,960
				78,149
$ 1,880	$ 666	$ 8,348	$ 297	$ 111,109
15,068	135	5,476	865	99,739
$16,948	$ 801	$13,824	$ 1,162	$ 210,848
$16,948	**$ 801**	**$21,729**	**$ 6,725**	**$ 226,216**
$49,845	**$67,453**	**$75,637**	**$17,260**	**$1,773,570**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1981

(000's Omitted)

	Housing Finance Agency Loan Funds		Higher Education Coordinating Board Student Loan Funds						
	Housing Development Fund	Programs Fund	Guaranteed Student Loan Program	Medical and Osteopathy Student Loan Program	Maximum Effort School Loan Fund	Higher Education Facilities Authority Bond Fund	State University Board Revenue Bond Fund	Other Enterprise Funds	Combined Totals
Operating Revenues:									
Net Sales	$	$	$	$	$	$	$	$5,800	$ 5,800
Rental and Service Fees	2,147	1,181				3,453	19,823	3,177	29,781
Interest Income on Loans	182	55,459	8,723	50	1,532				65,946
Investment Income	7,889	35,390	12,205	105	1,347	1,395	2,821	213	61,365
Total Operating Revenues	$10,218	$92,030	$20,928	$155	$ 2,879	$4,848	$22,644	$9,190	$162,892
Less Cost of Goods Sold								4,733	4,733
Gross Margin	$10,218	$92,030	$20,928	$155	$ 2,879	$4,848	$22,644	$4,457	$158,159
Operating Expenses:									
Salaries and Benefits	$ 2,219		$ 512	$	$	$ 81	$ 5,570	$3,807	$ 12,189
Contracted Services	1,246	2,023	1,989		6	46	10,743	925	16,978
Materials and Supplies	43		6				844	202	1,095
Depreciation	20						2,806	400	3,226
Interest and Other Financial Costs		69,626	13,496	207	1,649	4,502	2,417	673	92,570
Indirect Costs								111	111
Other	58	166		17				335	576
Total Operating Expenses	$ 3,586	$71,815	$16,003	$224	$ 1,655	$4,629	$22,380	$6,453	$126,745
Operating Income (Loss)	$ 6,632	$20,215	$ 4,925	$(69)	$ 1,224	$ 219	$ 264	$(1,996)	$ 31,414
Non-Operating Revenues (Expenses):									
Federal Grants and Subsidies	$33,702		$12,247				$ 119	$	$ 46,068
Gain on the Sale of Fixed Assets								7	7
Other Income							93	39	132
Grant, Aid and Subsidy Payments	(50,416)								(50,416)
Inventory Loss								(64)	(64)
Total Non-Operating Revenues (Expenses)	$(16,714)		$12,247				$ 212	$ (18)	$ (4,273)
Income (Loss) Before Operating Transfers	$(10,082)	$20,215	$17,172	$(69)	$ 1,224	$ 219	$ 476	$(2,014)	$ 27,141
Operating Transfers:									
Transfers In	$ 2,246	$ 3,600		$153					$ 5,999
Transfers Out	(3,600)	(606)							(4,206)
Net Operating Transfers	$(1,354)	$ 2,994		$153					$ 1,793
Net Income (Loss)	$(11,436)	$23,209	$17,172	$ 84	$ 1,224	$ 219	$ 476	$(2,014)	$ 28,934
Add Depreciation on Fixed Assets Aquired by or Constructed with Contributed Capital (2)							$ 352		$ 352
Increase (Decrease) in Retained Earnings	$(11,436)	$23,209	$17,172	$ 84	$ 1,224	$ 219	$ 828	$(2,014)	$ 29,286
Retained Earnings, July 1, 1980,									
As Previously Reported					$15,443			$ 163	$ 15,606
Prior Period Adjustment					281				281
Change in Reporting Entity	65,862	63,985	19,186	51		582	12,996	3,019	165,681
Retained Earnings, July 1, 1980, as Restated	$65,862	$63,985	$19,186	$ 51	$15,724	$ 582	$12,996	$3,182	$181,568
Net Residual Equity Transfer to (from) Retained Earnings								(6)	(6)
Retained Earnings, June 30, 1981	$54,426	$87,194	$36,358	$135	$16,948	$ 801	$13,824	$1,162	$210,848

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Housing Finance Agency Loan Funds		Higher Education Coordinating Board Student Loan Funds						
	Housing Development Fund	Programs Fund	Guaranteed Student Loan Fund	Medical and Osteopathy Student Loan Fund	Maximum Effort School Loan Fund	Higher Education Facilities Authority Bond Fund	State University Board Revenue Bond Fund	Other Enterprise Funds	Combined Totals
Cash Provided:									
From Operations:									
Net Operating Income (Loss)	$(11,436)	$ 23,209	$ 17,172	$ 84	$ 1,224	$ 219	$ 476	$(2,014)	$ 28,934
Items to be Added to (Deducted from) Net Operating Income:									
Depreciation	$	$	$	$	$	$ 1	$ 2,806	$ 560	$ 3,367
Amortization of Deferred Costs		2,155	59	2					2,216
Amortization of Discounts and Premiums on Bonds Payable		(699)	118	1		99	8		(473)
Defaulted Interest Recognized					(1,161)				(1,161)
Loans Forgiven				17					17
Decrease in Accounts Receivable							48	209	257
Decrease (Increase) in Accrued Interest Receivable	126	1,124	(5,442)		255		28	(28)	(3,937)
(Increase) in Loans and Notes Receivable								(180)	(180)
Decrease in Inventory								685	685
Increase (Decrease) in Accounts Payable	(63)	278	205			13	933	(9)	1,357
Increase (Decrease) in Accrued Interest Payable		6,738	2,277		15	25	(18)	396	9,433
Increase (Decrease) in Deferred Revenue	8,817						(19)	3	8,801
Change in Other Assets/ Liabilities	2	194					(7)	80	269
Total Items to be Added (Deducted)	$ 8,882	$ 9,790	$ (2,783)	$ 20	$ (891)	$ 138	$ 3,779	$1,716	$ 20,651
Total Cash Provided from Operations	$(2,554)	$ 32,999	$ 14,389	$104	$ 333	$ 357	$ 4,255	$(298)	$ 49,585
Other Cash Provided:									
Reduction of Loans and Financing Leases Receivable	$ 232	$ 22,338	$ 7,029	$ 1	$ 1,586	$ 1,924	$ 2	$	$ 33,112
Increase in Escrow Funds Held in Trust	10,204								10,204
Advances from Other Funds								89	89
Proceeds from Sale of Bonds and Notes		199,983	104,405		4,000	7,110			315,498
Contribution of Capital			229					1,408	1,637
Defaulted Interest Capitalized as Loans					867				867
Other								26	26
Total Other Cash Provided	$10,436	$222,321	$111,663	$ 1	$ 6,453	$ 9,034	$ 2	$1,523	$361,433
Total Cash Provided	$ 7,882	$255,320	$126,052	$105	$ 6,786	$ 9,391	$ 4,257	$1,225	$411,018
Cash Applied:									
Loans Issued	$ 2,977	$221,801	$ 93,388	$445	$ 3,692	$	$	$	$322,303
Investment in Fixed Assets and Improvements			2			8,065	1,533	474	10,074
Deferred Costs		4,096	292						4,388
Reduction of Advance from Other Funds							87	52	139
Reduction of Indebtedness		23,797			4,390	1,975	1,345		31,507
Other						5			5
Total Cash Applied	$ 2,977	$249,694	$ 93,682	$445	$ 8,082	$10,045	$ 2,965	$ 526	$368,416
Net Increase (Decrease) in Cash and Investments	$ 4,905	$ 5,626	$ 32,370	$(340)	$(1,296)	$ (654)	$ 1,292	$ 699	$ 42,602
Cash and Investments, July 1, 1980, as Reported					$10,837			$ 51	$ 10,888
Changes in Reporting Entity	81,891	243,550	77,987	1,093		13,977	21,647	1,634	441,779
Cash and Investments, July 1, 1980, as Restated	81,891	243,550	77,987	1,093	10,837	13,977	21,647	1,685	452,667
Cash and Investments, June 30, 1981	$86,796	$249,176	$110,357	$753	$ 9,541	$13,323	$22,939	$2,384	$495,269

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
OTHER ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Minnesota Correctional Industries Fund	State Auditor's Revolving Fund	Zoo Monorail Fund	Publications Fund	Federal Surplus Property Fund	Commuter Van Fund	Resource Recovery Revolving Fund	Combined Totals
ASSETS								
Current Assets:								
Cash	$ 195	$ 99	$ 87	$514	$ 25	$ 43	$38	$ 1,001
Investments	914		172					1,086
Accounts Receivable (Net)	1,501	846	16	5	42	1	5	2,416
Due from Other Funds				12	2			14
Accrued Income	46		2					48
Notes Receivable	501							501
Inventory	3,330			108				3,438
Deferred Costs	9				1	2		12
Total Current Assets	$6,496	$ 945	$ 277	$639	$ 70	$ 46	$43	$ 8,516
Restricted Assets, Cash and Investments:								
Debt Required Reserve Accounts			$ 297					$ 297
Non-Current Assets:								
Real Property and Improvements (Net of Accumulated Depreciation) (1)	$ 241	$	$ 982	$ 2	$260	$		$ 1,485
Leasehold Improvements (Net of Accumulated Amortization)		17						17
Equipment (Net of Accumulated Depreciation) (1)	1,321	42	5,246	39	4	293		6,945
Total Non-Current Assets	$1,562	$ 59	$6,228	$ 41	$264	$293		$ 8,447
Total Assets	$8,058	$1,004	$6,802	$680	$334	$339	$43	$17,260
LIABILITIES, DEFERRED REVENUES AND FUND EQUITY								
Liabilities:								
Current Liabilities (Payable from Current Assets):								
Accounts Payable	$ 192	$ 335	$ 14	$ 90	$ 25	$ 9	$ 3	$ 668
Payable to Other Funds				17		20		37
Installment Purchases Payable			8,413					8,413
Accrued Interest Payable			667					667
Accrued Compensated Absences		447						447
Total Current Liabilities	$ 192	$ 782	$9,094	$107	$ 25	$ 29	$ 3	$10,232
Non-Current Liabilities:								
Advances from Other Funds					$133	$ 71		$ 204
Total Liabilities	$ 192	$ 782	$9,094	$107	$158	$100	$ 3	$10,436
Deferred Revenue				$ 99				$ 99
Fund Equity:								
Contributed Capital (2)	$4,368	$ 315		$519	$ 25	$256	$80	$ 5,563
Retained Earnings:								
Reserved per Debt Requirements			$ 297					$ 297
Unreserved	3,498	(93)	(2,589)	(45)	151	(17)	(40)	865
Total Retained Earnings	$3,498	$ (93)	$(2,292)	$ (45)	$151	$ (17)	$(40)	$ 1,162
Total Fund Equity	$7,866	$ 222	$(2,292)	$474	$176	$239	$40	$ 6,725
Total Liabilities, Deferred Revenues and Fund Equity	$8,058	$1,004	$6,802	$680	$334	$339	$43	$17,260

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1981

(000's Omitted)

	Minnesota Correctional Industries Fund	State Auditor's Revolving Fund	Zoo Monorail Fund	Publications Fund	Federal Surplus Property Fund	Commuter Van Fund	Resource Recovery Revolving Fund	Combined Totals
Operating Revenues:								
Net Sales	$4,263		$ 491	$690	$321		$35	$5,800
Rental and Service Fees		3,046				131		3,177
Investment Income	145		68					213
Total Operating Revenues	$4,408	$3,046	$ 559	$690	$321	$131	$35	$9,190
Less Cost of Goods Sold	4,439			294				4,733
Gross Margin	$ (31)	$3,046	$ 559	$396	$321	$131	$35	$4,457
Operating Expenses:								
Salaries and Benefits	$ 673	$2,396	$ 210	$273	$188	$ 4	$63	$3,807
Contracted Services		685	44	77	98	14	7	925
Supplies and Materials	15	36	26	3	45	62	15	202
Depreciation	5	11	310	7	11	56		400
Interest and Other Financial Costs			673					673
Indirect Costs	57		2	39	12	1		111
Other Expenses	333		2					335
Total Operating Expenses	$1,083	$3,128	$1,267	$399	$354	$137	$85	$6,453
Operating Income (Loss)	$(1,114)	$ (82)	$ (708)	$ (3)	$ (33)	$ (6)	$(50)	$(1,996)
Non-Operating Revenues (Expenses):								
Gain on the Sale of Fixed Assets	$ (1)					$ 8		$ 7
Other Income	17	10			2		10	39
Inventory Loss	(19)			(45)				(64)
Total Non-Operating Revenues (Expenses)	$ (3)	$ 10		$ (45)	$ 2	$ 8	$10	$ (18)
Net Income (Loss)	$(1,117)	$ (72)	$ (708)	$ (48)	$ (31)	$ 2	$(40)	$(2,014)
Retained Earnings, July 1, 1980, As Previously Reported					$182	$ (19)		$ 163
Change in Reporting Entity	4,615	(21)	(1,584)	9				3,019
Retained Earnings, July 1, 1980, as Restated	$4,615	$ (21)	$(1,584)	$ 9	$182	$ (19)		$3,182
Net Residual Equity Transfers to (from) Retained Earnings				(6)				(6)
Retained Earnings, June 30, 1981	$3,498	$ (93)	$(2,292)	$ (45)	$151	$ (17)	$(40)	$1,162

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

OTHER ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Minnesota Correctional Industries Fund	State Auditor's Revolving Fund	Zoo Monorail Fund	Publications Fund	Federal Surplus Property Fund	Commuter Van Fund	Resource Recovery Revolving Fund	Combined Totals
Cash Provided:								
From Operations:								
Net Operating Income (Loss)	$(1,117)	$(72)	$(708)	$(48)	$(31)	$ 2	$(40)	$(2,014)
Items to be Added to (Deducted from) Net Operating Income:								
Depreciation and Amortization of Leasehold Improvements	$ 165	$ 11	$310	$ 7	$11	$ 56	$	$ 560
Loss (Gain) on Sale of Fixed Assets	1					(8)		(7)
Decrease (Increase) in Accounts Receivable	341	(142)		27	(11)	(1)	(5)	209
(Increase) in Notes Receivable	(180)							(180)
(Increase) in Accrued Interest Receivable	(27)		(1)					(28)
Decrease in Inventory	668			17				685
Increase (Decrease) in Accounts Payable	(22)	180	(102)	19	1	(88)	3	(9)
Increase in Accrued Interest Payable			396					396
Increase in Deferred Revenue				3				3
Increase in Accrued Compensated Leave		49						49
Change in Other Assets/ Liabilities	16	23				(1)		38
Total Items to be Added (Deducted)	$ 962	$121	$603	$ 73	$ 1	$(42)	$(2)	$1,716
Total Cash Provided from Operations	$ (155)	$ 49	$(105)	$ 25	$(30)	$(40)	$(42)	$ (298)
Other Cash Provided:								
Proceeds from Sale of Fixed Assets	$ 1					$ 25		$ 26
Advances from Other Funds						89		89
Contribution of Capital	1,013			201	25	89	80	1,408
Total Other Cash Provided	$1,014			$201	$25	$203	$80	$1,523
Total Cash Provided	$ 859	$49	$(105)	$226	$(5)	$163	$38	$1,225
Cash Applied:								
Investment in Fixed Assets and Improvements	$ 322	$ 47	$ 8	$ 8		$ 89		$ 474
Reduction of Advances from Other Funds						52		52
Total Cash Applied	$ 322	$ 47	$ 8	$ 8		$141		$ 526
Net Increase (Decrease) in Cash and Investments	$ 537	$ 2	$(113)	$218	$(5)	$ 22	$38	$ 699
Cash and Investments, July 1, 1980 as Reported					$30	$ 21		$ 51
Change in Reporting Entity	572	97	669	296				1,634
Cash and Investments, July 1, 1980, as Restated	$ 572	$ 97	$669	$296	$30	$ 21		$1,685
Cash and Investments, June 30, 1981	$1,109	$ 99	$556	$514	$25	$ 43	$38	$2,384

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ENTERPRISE FUNDS NARRATIVE EXPLANATIONS

1. Fixed Assets and Improvements are recorded at historical cost less accumulated depreciation as scheduled below. Assets are depreciated on a straight line basis over the useful life of an asset.

Accumulated Depreciation
June 30, 1981

State University Board	$36,283,000
Minnesota Correctional Industries Equipment	1,270,000
Zoo Monorail Equipment	521,000
All Other	538,000
Total Accumulated Depreciation	**$38,612,000**

2. The contributed capital of the State University Board Revenue Bond Fund consists of buildings and funds externally restricted for construction of buildings. Contributed capital is being amortized and retained earnings is being adjusted in accordance with NCGA Statement 2. Accumulated amortization as of June 30, 1981 was $6,193,000.

INTERNAL SERVICE FUNDS

The **COMPUTER SERVICES FUND** accounts for the operation of statewide computer systems.

The **CENTRAL MOTOR POOL FUND** accounts for the operation of a fleet of passenger cars and a state vehicle maintenance garage.

The **STATE PRINTER REVOLVING FUND** accounts for the operation of a print shop.

The **CENTRAL STORES FUND** accounts for the operation of centralized supplies purchasing, storage and distribution.

The **ADMINISTRATIVE HEARINGS REVOLVING FUND** accounts primarily for the organization and direction of public hearings concerning the impact of the state's administrative rulings.

The **OTHER INTERNAL SERVICE FUNDS** each account for centralized services which support the offices of state agencies.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Computer Services Fund	Central Motor Pool Fund	State Printer Revolving Fund	Central Stores Fund	Administrative Hearings Revolving Fund	Other Internal Service Funds	Combined Totals
ASSETS							
Current Assets:							
Cash	$2,893	$ 306	$161	$277	$102	$ 681	$ 4,420
Accounts Receivable	1,507	262	76	76	83	962	2,966
Due from Other Funds				13			13
Inventories		45	110	399		62	616
Prepaid Expenses		16				61	77
Total Current Assets	$4,400	$ 629	$347	$765	$185	$1,766	$ 8,092
Fixed Assets:							
Equipment (Net of Accumulated Depreciation)	$2,191	$2,578	$491	$ 25	$ 38	$ 321	$ 5,644
Capital Leases (Net of Accumulated Amortization)	200		46			3	249
Building and Land Improvements (Net of Accumulated Depreciation)	111	60	6	76			253
Total Fixed Assets	$2,502	$2,638	$543	$101	$ 38	$ 324	$ 6,146
Total Assets	**$6,902**	**$3,267**	**$890**	**$866**	**$223**	**$2,090**	**$14,238**
LIABILITIES AND FUND EQUITY							
Liabilities:							
Current Liabilities:							
Accounts Payable	$ 409	$ 145	$118	$121	$ 50	$ 200	$ 1,043
Payable to Other Funds	273	957	156	1		79	1,466
Capital Leases and Installment Purchases Payable	671		11			1	683
Total Current Liabilities	$1,353	$1,102	$285	$122	$ 50	$ 280	$ 3,192
Non-Current Liabilities:							
Capital Leases and Installment Purchases Payable	$1,121		$ 34			$ 3	$ 1,158
Advances from Other Funds	611	1,781	267	3		109	2,771
Total Non-Current Liabilities	$1,732	$1,781	$301	$ 3		$ 112	$ 3,929
Total Liabilities	**$3,085**	**$2,883**	**$586**	**$125**	**$ 50**	**$ 392**	**$ 7,121**
Fund Equity:							
Contribution from the General Fund	$2,156	$ 252	$573	$691	$167	$1,312	$ 5,151
Retained Earnings	1,661	132	(269)	50	6	386	1,966
Total Fund Equity	**$3,817**	**$ 384**	**$304**	**$741**	**$173**	**$1,698**	**$ 7,117**
Total Liabilities and Fund Equity	**$6,902**	**$3,267**	**$890**	**$866**	**$223**	**$2,090**	**$14,238**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1981

(000's Omitted)

	Computer Services Fund	Central Motor Pool Fund	State Printer Revolving Fund	Central Stores Fund	Administrative Hearings Revolving Fund	Other Internal Service Funds	Combined Totals
Operating Revenues:							
Net Sales	$	$	$1,763	$2,023	$	$5,104	$ 8,890
Rentals and Service Fees	15,205	2,580			781	3,472	22,038
Total Operating Revenues	$15,205	$2,580	$1,763	$2,023	$781	$8,576	$30,928
Less Cost of Goods Sold (1)			1,624	1,674		4,734	8,032
Gross Margin	$15,205	$2,580	$ 139	$ 349	$781	$3,842	$22,896
Operating Expenses:							
Salaries and Benefits	$ 5,875	$ 314	$ 122	$ 209	$692	$ 794	$ 8,006
Purchased Services	6,772	136	28	130	205	2,882	10,153
Materials and Supplies	167	1,162	3	4	11	46	1,393
Depreciation and Amortization of Capital Leases and Leasehold Improvements	857	714	5	10	6	54	1,646
Interest	252						252
Indirect Costs	208	77	113	35	17	60	510
Other					1	4	5
Total Operating Expenses	$14,131	$2,403	$ 271	$ 388	$932	$3,840	$21,965
Operating Income (Loss)	$ 1,074	$ 177	$ (132)	$ (39)	$(151)	$ 2	$ 931
Non-operating Revenues (Expenses):							
Gain on Sale of Fixed Assets	$ 69	$ 35	$ (48)			$ 4	$ 60
Other	32		2	44	2	13	93
Total Non-operating Revenues (Expenses)	$ 101	$ 35	$ (46)	$ 44	$ 2	$ 17	$ 153
Net Income (Loss)	$ 1,175	$ 212	$ (178)	$ 5	$(149)	$ [illegible]	$ 1,084
Retained Earnings, July 1, 1980, As Reported	$ 532	$ (80)				$ 23	$ 475
Prior Period Adjustments	(46)					12	(34)
Changes in Reporting Entity			13	32	155	349	549
Retained Earnings, July 1, 1980, As Restated	$ 486	$ (80)	$ 13	$ 32	$155	$ 384	$ 990
Net Residual Equity Transfer			(104)	13		(17)	(108)
Retained Earnings, June 30, 1981	$ 1,661	$ 132	$ (269)	$ 50	$ 6	$ 386	$ 1,966

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Computer Services Fund	Central Motor Pool Fund	State Printer Revolving Fund	Central Stores Fund	Admin. Hearings Revolving Fund	Other Internal Service Funds	Combined Totals
Cash Provided:							
From Operations:							
Net Operating Income (Loss)	$1,175	$ 212	$(178)	$ 5	$(149)	$ 19	$1,084
Items to be Added to (Deducted From) Net Operating Income:							
Depreciation and Amortization of Capital Leases and Leasehold Improvements	$ 857	$ 714	$ 82	$ 10	$ 6	$ 54	$1,723
Loss (Gain) on Disposition of Fixed Asset	(73)	(35)	48		1	(20)	(79)
Decrease (Increase) in Accounts Receivable	1,361		151	44	6	(84)	1,478
Decrease (Increase) in Inventories		(18)	24	58		(6)	58
Increase (Decrease) in Accounts Payable	(206)	(186)	56	(74)	10	(95)	(495)
Change in Other Assets/ Liabilities		1	(1)			(12)	(12)
Total Items to Be Added (Deducted)	$1,939	$ 476	$360	$ 38	$ 23	$(163)	$2,673
Total Cash Provided from Operations	$3,114	$ 688	$182	$ 43	$(126)	$(144)	$3,757
Other Cash Provided:							
Proceeds from Sale of Fixed Assets	$ 85	$ 194				$ 35	$ 314
Advances from Other Funds	1,035	868	243	5		182	2,333
Total Other Cash Provided	$1,120	$1,062	$243	$ 5		$217	$2,647
Total Cash Provided	**$4,234**	**$1,750**	**$425**	**$ 48**	**$(126)**	**$ 73**	**$6,404**
Cash Applied:							
Investment in Fixed Assets and Leasehold Improvement	$ 818	$1,003	$249	$ 7	$ 1	$118	$2,196
Reduction of Capital Leases and Installment Purchases Payable	2,071		8			1	2,080
Reduction of Advances from Other Funds	2,389	1,284	15			218	3,906
Total Cash Applied	$5,278	$2,287	$272	$ 7	$ 1	$337	$8,182
Net Increase (Decrease) in Cash and Investments	$(1,044)	$ (537)	$153	$ 41	$(127)	$(264)	$(1,778)
Cash and Investments, July 1, 1980, as Reported	$3,937	$ 843				$210	$4,990
Changes in Reporting Entity			8	236	229	735	1,208
Cash and Investments, July 1, 1980, as Restated	$3,937	$ 843	$ 8	$236	$229	$945	$6,198
Cash and Investments, June 30, 1981	$2,893	$ 306	$161	$277	$102	$681	$4,420

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
OTHER INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Micrographics Fund	Central Delivery Service Fund	Central Mail Fund	Central Maintenance Fund	Office Equipment Rental and Repair Fund	Telecommunications Fund	Bemidji Service Center Fund	Postal Clearing Fund	Combined Totals
ASSETS									
Current Assets:									
Cash	$ 63	$35	$51	$23	$ 11	$ 81	$21	$396	$ 681
Accounts Receivable	58		17	33	19	368	11	456	962
Inventories	46	4	3		9				62
Prepaid Expense								61	61
Total Current Assets	$167	$39	$71	$56	$ 39	$449	$32	$913	$1,766
Fixed Assets:									
Equipment (Net of Accumulated Depreciation)	$106	$33	$14		$ 52	$116			$ 321
Capital Lease (Net of Accumulated Amortization)			3						3
Total Fixed Assets	$106	$33	$17		$ 52	$116			$ 324
Total Assets	$273	$72	$88	$56	$ 91	$565	$32	$913	$2,090
LIABILITIES AND FUND EQUITY									
Liabilities:									
Current Liabilities:									
Accounts Payable	$ 26	$16	$12	$40	$ 31	$ 58	$17		$ 200
Payable to Other Funds	8	2			38	31			79
Capital Lease			1						1
Total Current Liabilities	$ 34	$18	$13	$40	$ 69	$ 89	$17		$ 280
Non-Current Liabilities:									
Capital Lease			$ 3						$ 3
Advances from Other Funds	27	3			4	75			109
Total Non-Current Liabilities	$ 27	$ 3	$ 3		$ 4	$ 75			$ 112
Total Liabilities	$ 61	$21	$16	$40	$ 73	$164	$17		$ 392
Fund Equity:									
Contribution from the General Fund	$111	$46	$67	$37	$134	$342	$15	$560	$1,312
Retained Earnings	101	5	5	(21)	(116)	59		353	386
Total Fund Equity	$212	$51	$72	$16	$ 18	$401	$15	$913	$1,698
Total Liabilities and Fund Equity	$273	$72	$88	$56	$ 91	$565	$32	$913	$2,090

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
OTHER INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Micrographics Fund	Central Delivery Service Fund	Central Mail Fund	Central Maintenance Fund	Office Equipment Rental and Repair Fund	Telecommunications Fund	Bemidji Service Center Fund	Postal Clearing Fund	Combined Totals
Operating Revenues:									
Net Sales	$471	$	$ 45	$	$	$	$	$4,588	$5,104
Rentals and Service Fees		181	97	188	226	2,599	181		3,472
Total Operating Revenues	$471	$181	$142	$188	$226	$2,599	$181	$4,588	$8,576
Less: Cost of Goods Sold (1)	78		3		65			4,588	4,734
Gross Margin	$393	$181	$139	$188	$161	$2,599	$181		$3,842
Operating Expenses:									
Salaries and Benefits	$223	$147	$116	$146	$162	$	$		$ 794
Purchased Services	65	6	11	27	16	2,556	201		2,882
Materials and Supplies	2	8		24	2	10			46
Depreciation and Amortization of Capital Leases and Improvements	23	8	4		19				54
Indirect Costs	23	5	3	9	20				60
Other				4					4
Total Operating Expenses	$336	$174	$134	$210	$219	$2,566	$201		$3,840
Operating Income (Loss)	$ 57	$ 7	$ 5	$(22)	$(58)	$ 33	$(20)		$ 2
Non-Operating Revenues (Expenses):									
Gain on Sale of Fixed Assets	$ 4								$ 4
Other	2	1				1	9		13
Total Non-Operating Revenues (Expenses)	$ 6	$ 1				$ 1	$ 9		$ 17
Net Income (Loss)	$ 63	$ 8	$ 5	$(22)	$(58)	$ 34	$(11)		$ 19
Retained Earnings, July 1, 1980, As Reported	$ 26	$ (3)							$ 23
Prior Period Adjustments	12								12
Changes in Reporting Entity				1	(41)	25	11	353	349
Retained Earnings, July 1, 1980, As Restated	$ 38	$ (3)		$ 1	$(41)	$ 25	$ 11	$ 353	$ 384
Net Residual Equity Transfer					(17)				(17)
Retained Earnings, June 30, 1981	$101	$ 5	$ 5	$(21)	$(116)	$ 59		$ 353	$ 386

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

OTHER INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Micrographics Fund	Central Delivery Service Fund	Central Mail Fund	Central Maintenance Fund	Office Equipment Rental and Repair Fund	Telecommunications Fund	Bemidji Service Center Fund	Postal Clearing Fund	Combined Totals
Cash Provided:									
From Operations:									
Net Operating Income (Loss)	$ 63	$ 8	$ 5	$(22)	$(58)	$ 34	$(11)	—0—	$ 19
Items to be Added to (Deducted from) Net Operating Income:									
Depreciation of Fixed Assets and Amortization of Capital Leases and Leasehold Improvements	$ 23	$ 8	$ 4	$	$19	$	$	$	$ 54
Loss (Gain) on Sale of Fixed Assets	(4)				(16)				(20)
Decrease (Increase) in Accounts Receivable			2	8	12	49	(2)	(153)	(84)
Decrease (Increase) in Inventories	(3)	(4)	1						(6)
Increase (Decrease) in Accounts Payable	(8)	4	6	(36)	7	(85)	17		(95)
Changes in Other Assets/ Liabilities							(9)	(3)	(12)
Total Items to be Added (Deducted)	$ 8	$ 8	$13	$(28)	$22	$(36)	$ 6	$(156)	$(163)
Total Cash Provided from Operations	$ 71	$16	$18	$(50)	$(36)	$ (2)	$ (5)	$(156)	$(144)
Other Cash Provided:									
Proceeds from Sale of Fixed Assets	$ 8				$27				$ 35
Advances from Other Funds	32	7			26	117			182
Total Other Cash Provided	$ 40	$ 7			$53	$117			$217
Total Cash Provided	$111	$23	$18	$(50)	$17	$115	$ (5)	$(156)	$ 73
Cash Applied:									
Investment in Fixed Assets and Leasehold Improvements	$ 40		$ 1		$23	$ 54			$118
Reduction of Capital Leases and Installment Purchases Payable			1						1
Reduction of Advances from Other Funds	205	1			1	11			218
Total Cash Applied	$245	$ 1	$ 2		$24	$ 65			$337
Net Increase (Decrease) in Cash and Investments	$(134)	$22	$16	$(50)	$ (7)	$ 50	$ (5)	$(156)	$(264)
Cash and Investments, July 1, 1980, as Reported	$197	$13							$210
Change in Reporting Entity			35	73	18	31	26	552	735
Cash and Investments, July 1, 1980, as Restated	$197	$13	$35	$73	$18	$ 31	$26	$552	$945
Cash and Investments, June 30, 1981	$ 63	$35	$51	$23	$11	$ 81	$21	$396	$681

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

INTERNAL SERVICE FUNDS NARRATIVE EXPLANATION

1. The components of cost of goods sold are scheduled below.

State Printer Revolving Fund

Direct Labor	$ 636,000
Raw Materials	274,000
Overhead	714,000
	$1,624,000

Central Stores Fund

Inventory 7/1/80	$ 457,000
Purchases	1,618,000
Inventory 6/30/81	(399,000)
Consumed	(2,000)
	$1,674,000

The Other Internal Service Funds' cost of goods sold consists almost entirely of the cost of postage affixed to items mailed by the Central Mail Division.

FIDUCIARY FUNDS

Pension Trust Funds

Defined Benefit Plans:

The **Teachers Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The **State Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities for the following plans:

General Employees Plan
Military Affairs Plan
Correctional Officers Plan

The **Highway Patrolmen's Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible state troopers, conservation officers and crime bureau personnel.

The **Judges' Retirement Fund** includes resources accumulated to pay present retirement annuities to eligible district, municipal, county and probate court judges and supreme court justices.

The **Public Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The **Police and Fire Fund** includes resources accumulated to pay present and future retirement annuities to eligible police officers and fire fighters.

Defined Contribution Plans:

The **Unclassified Employees Retirement Fund** includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The **Deferred Compensation Fund** includes the aggregate of voluntary employee payroll deductions which defer income and may be repaid in accordance with income tax code restrictions.

The **College Supplemental Retirement Fund** includes the aggregate of share accounts derived from voluntary contributions received from eligible state university and community college employees, with matching state contributions.

Investment Trust Funds:

The **Income Share Account** invests participant contributions. The investments are limited to a combination of debt and equity instruments which maximize the rate of return.

The **Growth Share Account** invests participant contributions. The investments are limited to corporate stocks only with no more than 6% of the book value to be invested in a single corporation.

The **Fixed Return Account** invests participant contributions. The investments are limited to debt obligations.

The **Post-Retirement Investment Fund** serves as the primary investment vehicle for the Defined Benefit Pension Plans and as such is investing reserves to provide investment income for the payment of retirement benefits.

The **Variable Annuity Fund** is restricted to participation by members of the Teachers Retirement Association. Investments are limited in the same manner as those of the Growth Share Account.

Nonexpendable Trust Funds:

The **Permanent School Fund** is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

Expendable Trust Funds:

The **Municipal State Aid Street Fund** receives nine percent of the revenue received by the Highway Users Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The **County State Aid Highway Fund** receives twenty-nine percent of the revenue received by the Highway Users Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The **Endowment School Fund** receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The **Northeast Minnesota Economic Protection Fund** receives distributions from taconite production taxes to be held in trust until the year 2002 for rehabilitation and diversification of industry in an area largely dependent on the taconite mining industry.

The **Rural Rehabilitation Trust Fund** is a trust fund established from the proceeds of a federal grant for making loans to rural enterprises from the trust corpus.

Agency Funds

The **Disbursement Clearing Fund** is clearing fund used to account for state warrants issued and redeemed.

The **Taxes Clearing Fund** is used to distribute tax receipts as specified by statute.

The **Social Welfare Fund** is the total of all patient and inmate accounts for persons in state institutions.

The **Federal County Road and Bridge Fund** is a clearing fund for federal grants received for construction, improvement and maintenance of roads and bridges within the state.

The **Workers Compensation Special Payment Fund** is used to reimburse employers, from revenues collected and General Fund transfers, for supplemental workers compensation benefits paid.

The **Student Activity Fund** is the combined total of the local accounts for athletics, financial aids, and other activities maintained at each of the state university campuses.

The **All College Fund** is the combined total of the local accounts for student organizations, financial aids and other activities at each of the state's community college campuses.

The **Miscellaneous Agency Fund** includes the amounts held in trust by the state for various other governmental units, individuals, or funds.

STATE OF MINNESOTA

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Pension Trust Funds			Nonexpendable Trust Funds			
	Defined Benefit Plans	Defined Contribution Plans	Investment Trust Funds	Permanent School Fund	Expendable Trust Funds	Agency Funds	Combined Totals
ASSETS							
Cash	$ 1,407	$ 189	$ 575	$ 96	$ (6,141)	$141,116	$ 137,242
Investments	2,211,013	339	1,443,932	295,079	202,286	11,408	4,164,057
Accounts Receivable	29,889	70	543	1,535		6,292	38,329
Due from Other Funds	4,592	286	2,017	2,363	11,654	11,300	32,212
Accrued Investment Income	38,939		24,744	4,431	6,749	250	75,113
Federal Aid Receivable						6,418	6,418
Loans Receivable					931	28,179	29,110
Equity in Investment Funds	1,180,235	86,036					1,266,271
Unamortized Bond Losses	19,714			18,419			38,133
Fixed Assets (Net)	527						527
Other Assets	432					108	540
Total Assets	$3,486,748	$86,920	$1,471,811	$321,923	$215,479	$205,071	$5,787,952
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	$	$	$	$	$	$125,668	$ 125,668
Accounts Payable	2,496	32	6,051	10,132	14	4,388	23,113
Payable to Other Funds	2,509		4,305		528	2,612	9,954
Payable to Other Governmental Units						26,133	26,133
Loans Payable						45	45
Other Liabilities						66	66
Funds Held in Trust	3,481,743	86,888	1,461,455			46,159	5,076,245
Total Liabilities	$3,486,748	$86,920	$1,471,811	$ 10,132	$ 542	$205,071	$5,261,224
Fund Balances:							
Reserved:							
Reserved for Long-Term Loans Receivable				$	$ 112		$ 112
Reserved for Local Governments					173,586		173,586
Reserved for Endowment Principal				311,791			311,791
Total Reserved Fund Balance				$311,791	$173,698		$ 485,489
Unreserved:							
Designated for Appropriation Carryover					$ 32,916		$ 32,916
Designated for Investments					4,000		4,000
Designated for Fund Purposes					4,323		4,323
Total Unreserved Fund Balances					$ 41,239		$ 41,239
Total Fund Balances	–0–	–0–	–0–	$311,791	$214,937	–0–	$ 526,728
Total Liabilities and Fund Balances	$3,486,748	$86,920	$1,471,811	$321,923	$215,479	$205,071	$5,787,952

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
DEFINED BENEFIT PENSION PLANS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Teachers Retirement Association – Teachers Retirement Fund	Minnesota State Retirement System			Public Employees Retirement Association		Combined Totals
		State Employees Retirement Fund	Highway Patrolmens Retirement Fund	Judges Retirement Fund	Public Employees Retirement Fund	Police and Fire Fund	
ASSETS							
Cash	$ 470	$ (2)	$	$ 22	$ 818	$ 99	$ 1,407
Investments (3)	860,135	429,880	38,423	3,741	742,002	136,832	2,211,013
Accounts Receivable	26,184	2,747	262	2	71	623	29,889
Due from Other Funds	3,633	582	178		155	44	4,592
Accrued Investment Income	16,208	7,895	621	59	11,955	2,201	38,939
Equity in Investment Funds (4)	550,158	230,427	19,121	4,905	341,237	34,387	1,180,235
Fixed Assets (Net)	15	21			491		527
Unamortized Bond Losses (5)	6,648	4,511	248	88	7,347	872	19,714
Other					361	71	432
Total Assets	$1,463,451	$676,061	$58,853	$8,817	$1,104,437	$175,129	$3,486,748
LIABILITIES AND FUNDS HELD IN TRUST							
Liabilities:							
Accounts Payable	$ 54	$ 92	$	$ 79	$ 67		$ 292
Payable to Other Funds		354	53	224	1,770	108	2,509
Security Purchases Payable	859	388	80		752	125	2,204
Total Liabilities	$ 913	$ 834	$ 133	$ 303	$ 2,589	$ 233	$ 5,005
Funds Held in Trust for Participants	$1,462,538	$675,227	$58,720	$8,514	$1,101,848	$174,896	$3,481,743
Total Liabilities and Funds Held in Trust	$1,463,451	$676,061	$58,853	$8,817	$1,104,437	$175,129	$3,486,748

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

DEFINED BENEFIT PENSION PLANS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Teachers Retirement Association – Teachers Retirement Fund	Minnesota State Retirement System			Public Employees Retirement Association		Combined Totals
		State Employees Retirement Fund	Highway Patrolmens Retirement Fund	Judges Retirement Fund	Public Employees Retirement Fund	Police and Fire Fund	
Operating Revenues:							
Employer Contributions	$ 81,888	$ 45,027	$ 3,842	$	$ 65,985	$ 10,660	$ 207,402
Employee Contributions	50,561	28,317	1,283	490	48,714	7,109	136,474
Investment Income	100,802	49,576	4,472	439	86,396	15,011	256,696
Distributed Income from Equity in Investment Funds	46,054	16,268	1,322	303	23,402	2,334	89,683
Other	23	182	1	95	419	642	1,362
Total Operating Revenues	$ 279,328	$139,370	$10,920	$1,327	$ 224,916	$ 35,756	$ 691,617
Operating Expenses:							
Annuity Payments	$ 41,747	$ 25,160	$ 1,725	$1,443	$ 45,921	$ 3,717	$ 119,713
Refunded Contributions	6,067	6,874	41	46	10,092	788	23,908
Administrative Expenses	1,091	1,336	53	34	1,776	93	4,383
Other		11					11
Total Operating Expenses	$ 48,905	$ 33,381	$ 1,819	$1,523	$ 57,789	$ 4,598	$ 148,015
Operating Transfers:							
Transfers In		$ 237		$1,069	$ 65	$ 11	$ 1,382
Transfers (Out)		(174)	(2)		(353)	(30)	(559)
Total Operating Transfers		$ 63	$ (2)	$1,069	$ (288)	$ (19)	$ 823
Net Income	$ 230,423	$106,052	$ 9,099	$ 873	$ 166,839	$ 31,139	$ 544,425
Beginning Funds Held in Trust, as Reported, July 1, 1980	$	$56[illegible]66	$49,621	$7,641	$	$	$ 626,428
Prior Period Adjustment		9					9
Changes in Reporting Entity	1,232,115				935,009	143,757	2,310,881
Beginning Funds Held in Trust, as Adjusted	$1,232,115	$569,175	$49,621	$7,641	$ 935,009	$143,757	$2,937,318
Ending Funds Held in Trust, June 30, 1981	$1,462,538	$675,227	$58,720	$8,514	$1,101,848	$174,896	$3,481,743

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
DEFINED BENEFIT PENSION PLANS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Teachers Retirement Association – Teachers Retirement Fund	Minnesota State Retirement System			Public Employees Retirement Association		Combined Totals
		State Employees Retirement Fund	Highway Patrolmens Retirement Fund	Judges Retirement Fund	Public Employees Retirement Fund	Police and Fire Fund	
Cash Provided:							
From Operations:							
Net Operating Income	$ 230,423	$106,052	$ 9,099	$ 873	$ 166,839	$ 31,139	$ 544,425
Items to be Added to (Deducted From) Net Operating Income:							
Decreases (Increases) in Accounts Receivable	(1,120)	(322)	(103)	(1)	(30)	31	(1,545)
Decreases (Increases) in Due From Other Funds	(3,449)	(525)	(178)		(15)	180	(3,987)
Decreases (Increases) in Accrued Investment Income	(6,519)	(2,800)	(114)	5	(3,570)	(583)	(13,581)
Decreases in Fixed Assets (Net)	2	10					12
(Increases) in Other Assets					(291)	(63)	(354)
(Decreases) in Accounts Payable	(37)	(11)		(13)	(99)		(160)
Increases (Decreases) in Payables to Other Funds	(554)	(10,580)	(2,002)	75	(2,442)	24	(15,479)
Decreases in Security Purchases Payable	(5,511)	(2,836)	(265)	(29)	(4,761)	(794)	(14,196)
Total Items to be Added (Deducted)	(17,188)	(17,064)	(2,662)	37	(11,208)	(1,205)	(49,290)
Total Cash Provided From Operations	$ 213,235	$ 88,988	$ 6,437	$ 910	$ 155,631	$ 29,934	$ 495,135
Cash Applied:							
Increases in Fixed Assets (Net)					$ 307		$ 307
Total Cash Applied					$ 307		$ 307
Net Increase (Decrease) in Cash and Investments	$ 213,235	$ 88,988	$ 6,437	$ 910	$ 155,324	$ 29,934	$ 494,828
Cash and Investments, July 1, 1980, As Reported		$575,831	$51,356	$7,845			$ 635,032
Prior Period Adjustment (6)		(3)					(3)
Changes in Reporting Entity (7)	1,204,176				936,080	142,256	2,282,512
Cash and Investments, July 1, 1980, As Adjusted	$1,204,176	$575,828	$51,356	$7,845	$ 936,080	$142,256	$2,917,541
Cash and Investments, June 30, 1981	$1,417,411	$664,816	$57,793	$8,755	$1,091,404	$172,190	$3,412,369

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

DEFINED BENEFIT PENSION PLANS NARRATIVE EXPLANATIONS

1. The following table summarizes the status of the Defined Benefit Pension Plans for which the state assumes custodial responsibility.

	Teachers Retirement Association-Teachers Retirement Fund	MN State Retirement System			Public Employees Retirement Association	
		State Employees Retirement Fund	Highway Patrolmens Retirement Fund	Judges Retirement Fund	Public Employees Retirement Fund	Police and Fire Fund
Statutory Reference	**Chapter 354**	**Chapter 352**	**Chapter 352B**	**Chapter 490**	**Chapter 353**	**Chapter 353**
Statutory Contributions:	Basic(a) Coord.				Basic(a) Coord.	
State(b)	11.55% 7.55%	6%	21%	(c)		
Cities, Counties, and Other Subdivisions (b)					10.5% 5.5%	12%
Employee	8.5% 4.5%	4%	7%	7%	8% 4%	8%
Unfunded Accrued Liability (Millions): (d) (e)						
June 30, 1977	$ 640.6	$163.6	$21.8	$15.3	$316.5	$20.3
June 30, 1978	792.4	186.8	22.4	15.5	320.7	21.1
June 30, 1979	1,015.9	184.6	26.9	22.3	324.9	18.9
June 30, 1980	1,129.0	198.1	36.2	23.7	343.1	18.4
June 30, 1981	1,228.4	186.4	41.8	24.1	333.8	13.0
Funding Ratios:						
June 30, 1977	56.2%	68.6%	59.6%	30.5%	66.0%	80.1%
June 30, 1978	54.3%	68.6%	62.5%	24.2%	68.7%	82.3%
June 30, 1979	51.2%	72.7%	62.0%	23.6%	71.4%	86.4%
June 30, 1980	52.2%	74.2%	57.8%	24.4%	73.2%	88.6%
June 30, 1981	54.4%	78.3%	58.3%	26.1%	76.7%	93.1%

a. Coordinated members are covered by Social Security, and basic members are not. All new members must participate in the coordinated plans.

b. These rates include supplemental employer contributions made for the purpose of amortizing the unfunded liabilities.

c. This fund is terminally funded; at the time of retirement, the state contributes a sum sufficient to fully fund the benefits granted.

d. Minnesota Statutes, Section 356.215, Subdivision 4 provides that actuarial valuations of plan benefits shall be computed in accordance with the entry age normal cost (level normal cost) method. In the calculation of normal cost and accrued liabilities of the benefit plan, the actuary uses a 5 percent interest rate assumption and assumes an annual growth rate of 3 ½ percent in members' salaries.

e. The unfunded accrued liabilities are the amounts by which reserves required to fund plan benefits exceed the assets of the funds. In addition to the level normal costs, the actuarial calculations include the amount of additional annual contribution which would be required to retire the current unfunded liability by June 30, 2009.

2. a. Market values of investments held as of June 30, 1981 were as follows:

Teachers Retirement Fund	$797,379,000
State Employees Retirement Fund	403,283,000
Highway Patrolmen's Retirement Fund	35,806,000
Judges' Retirement Fund	3,298,000
Public Employees Retirement Fund	692,058,000
Police and Fire Fund	127,742,000

b. Some securities are loaned out to generate additional investment income. Amounts on loan as of June 30, 1981 were as follows:

Teachers Retirement Fund	$26,100,000
State Employees Fund	11,900,000
Highway Patrolmen's Retirement Fund	425,000
Public Employees Retirement Fund	2,800,000

3. In accordance with Minnesota Statutes, Section 356.20, Subdivision 5, gains or losses on the sale of debt securities are recorded in the deferred yield adjustment account. The balance of the account (Unamortized Bond Losses) is amortized against investment income over the average remaining life of the bonds sold. For the Teachers Retirement Fund, this account also includes a recognized but unrealized loss, in the market value of stocks held, of $2,438,000. This treatment is in accordance with the valuation methods prescribed by Minnesota Statutes, Section 11.16, Subdivision 13 which has subsequently been rescinded by 1980 Session Law 607, Article 14, Section 48.

STATE OF MINNESOTA
DEFINED CONTRIBUTION PLANS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Minnesota State Retirement System		Teachers Retirement Association – College Supplemental Retirement Fund	Combined Totals
	Unclassified Employees Retirement Fund	Deferred Compensation Fund		
ASSETS				
Cash	$ 4	$ 2	$ 183	$ 189
Investments		339		339
Accounts Receivable	61		9	70
Due from Other Funds	286			286
Equity in Investment Funds (1)	13,727	35,797	36,512	86,036
Total Assets	$14,078	$36,138	$36,704	$86,920
LIABILITIES AND FUNDS HELD IN TRUST				
Liabilities:				
Accounts Payable	$ 7		$ 25	$ 32
Total Liabilities	$ 7		$ 25	$ 32
Funds Held in Trust for Participants	$14,071	$36,138	$36,679	$86,888
Total Liabilities and Funds Held in Trust	$14,078	$36,138	$36,704	$86,920

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

DEFINED CONTRIBUTION PLANS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Minnesota State Retirement System		Teachers Retirement Association – College Supplemental Retirement Fund	Combined Totals
	Unclassified Employees Retirement Fund	Deferred Compensation Fund		
Operating Revenues:				
Realized and Unrealized Gain on Investments in M.S.R.I.F.	$ 1,255	$ 3,500	$ 3,873	$ 8,628
Other Income	48	208	163	419
Total Operating Revenues	$ 1,303	$ 3,708	$ 4,036	$ 9,047
Operating Expenses:				
Administrative Expenses	$ 48	$ 208	$ 23	$ 279
Total Operating Expenses	$ 48	$ 208	$ 23	$ 279
Net Operating Income	$ 1,255	$ 3,500	$ 4,013	$ 8,768
Nonoperating Revenues (Expenses):				
Shares Purchased:				
Employer Contributions	$ 1,447		$ 1,249	$ 2,696
Employee Contributions	961	7,160	1,249	9,370
Shares Withdrawn:				
Refunds	(882)	(1,411)	(759)	(3,052)
Transfers to SERF	(175)			(175)
Total Nonoperating Revenues (Expenses)	$ 1,351	$ 5,749	$ 1,739	$ 8,839
Net Change in Funds Held in Trust for Participants	$ 2,606	$ 9,249	$ 5,752	$17,607
Beginning Funds Held in Trust, as Reported, July 1, 1980	11,465	26,889	–0–	38,354
Change in Reporting Entity			30,927	30,927
Beginning Funds Held in Trust, as Adjusted	$11,465	$26,889	$30,927	$69,281
Ending Funds Held in Trust, June 30, 1981	$14,071	$36,138	$36,679	$86,888

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
DEFINED CONTRIBUTION PLANS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Minnesota State Retirement System		Teachers Retirement Association – College Supplemental Retirement Fund	Combined Totals
	Unclassified Employees Retirement Fund	Deferred Compensation Fund		
Cash Provided:				
From Operations:				
Net Operating Income	$ 1,255	$ 3,500	$ 4,013	$ 8,768
Items to be Added to (Deducted From) Net Operating Income:				
(Increases) Decreases in Accounts Receivable	(61)		1	(60)
(Increases) in Due From Other Funds	(118)			(118)
Increases in Accounts Payable	3		2	5
Total Items to be Added (Deducted)	(176)	–0–	3	(173)
Total Cash Provided From Operations	$ 1,079	$ 3,500	$ 4,016	$ 8,595
Other Cash Provided:				
Shares Purchased	2,408	7,160	2,498	12,066
Total Cash Provided	$ 3,487	$10,660	$ 6,514	$20,661
Cash Applied:				
Shares Withdrawn	$ 1,057	$ 1,411	$ 759	$ 3,227
Total Cash Applied	$ 1,057	$ 1,411	$ 759	$ 3,227
Net Increase (Decrease) in Cash and Investments	$ 2,430	$ 9,249	$ 5,755	$17,434
Cash and Investments, July 1, 1980, As Reported	$11,301	$26,889		$38,190
Change in Reporting Entity			30,940	30,940
Cash and Investments, July 1, 1980, As Adjusted	$11,301	$26,889	$30,940	$69,130
Cash and Investments, June 30, 1981	$13,731	$36,138	$36,695	$86,564

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

DEFINED CONTRIBUTION PLANS NARRATIVE EXPLANATION

1. "Equity in Investment Funds" is the combined net asset value (participation) in the appropriate Minnesota Supplemental Retirement Investment Fund accounts. The cost of such participation could not be determined for the Deferred Compensation Fund; but for the remaining funds, this cost as of June 30, 1981 was as follows:

Unclassified Retirement Fund	$11,017,000
College Supplemental Retirement Fund	24,253,000

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Minnesota Supplemental Retirement Investment Fund			MN Post-Retirement Investment Fund	MN Variable Annuity Fund	Combined Totals
	Income Share Account	Growth Share Account	Fixed Return Account			
ASSETS						
Cash	$ 0	$ 10	$ 538	$ 19	$ 8	$ 575
Investments (1)	76,433	38,722	23,341	1,229,024	76,412	1,443,932
Security Sales Receivable		88			156	244
Accounts Receivable				299		299
Due from Other Funds				2,017		2,017
Accrued Investment Income	1,580	358	901	21,012	893	24,744
Total Assets	$78,013	$39,178	$24,780	$1,252,371	$77,469	$1,471,811
LIABILITIES AND FUNDS HELD IN TRUST						
Liabilities:						
Accounts Payable	$			$ 5,726	$	$ 5,726
Payable to Other Funds				4,098	207	4,305
Security Purchases Payable	325					325
Total Liabilities	$ 325			$ 9,824	$ 207	$ 10,356
Funds Held in Trust for Participants	$77,688	$39,178	$30,454	$1,302,373	$76,279	$1,525,972
Unrealized Market Gains (Losses)			(5,680)	(109,337)	2,075	(112,942)
Annuity Stabilization Reserve (3)				(32,272)		(32,272)
Undistributed Earnings (Losses)			6	81,783	(1,092)	80,697
Net Funds Held in Trust for Participants	$77,688	$39,178	$24,780	$1,242,547	$77,262	$1,461,455
Total Liabilities and Funds Held in Trust	$78,013	$39,178	$24,780	$1,252,371	$77,469	$1,471,811

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Minnesota Supplemental Retirement Investment Fund			MN Post-Retirement Investment Fund	MN Variable Annuity Fund	Combined Totals
	Income Share Account	Growth Share Account	Fixed Return Account			
Operating Revenues:						
Investment Income	$ 7,208	$ 2,310	$ 2,721	$ 104,076	$ 5,064	$ 121,379
Realized Gains (Losses) on Investments:						
Proceeds from Security Sales	15,999	8,235	264	319,879	17,674	362,051
Cost of Securities Sold	(14,960)	(5,655)	(263)	(281,084)	(12,920)	(314,882)
Net Realized Gain (Loss)	$ 1,039	$ 2,580	$ 1	$ 38,795	$ 4,754	$ 47,169
Unrealized Gains (Losses):						
Beginning of Period	(2,435)	1,606	(2,150)	(28,603)	895	(30,687)
End of Period	(6,034)	3,089	(5,681)	(109,337)	1,706	(116,257)
Increase (Decrease) in Unrealized Appreciation	$ (3,599)	$ 1,483	$ (3,531)	$ (80,734)	$ 811	$ (85,570)
Net Realized and Unrealized Gains (Losses) on Investments	$ (2,560)	$ 4,063	$ (3,530)	$ (41,939)	$ 5,565	$ (38,401)
Net Operating Income	$ 4,648	$ 6,373	$ (809)	$ 62,137	$10,629	$ 82,978
Nonoperating Revenues (Expenses):						
Participant Contributions	$ 6,271	$ 2,388	$ 6,414	$ 179,352	$	$ 194,425
Participant Withdrawals	(4,514)	(257)	(651)	(102,137)	(673)	(108,232)
Total Nonoperating Revenues (Expenses)	$ 1,757	$ 2,131	$ 5,763	$ 77,215	$ (673)	$ 86,193
Net Change in Funds Held in Trust for Participants	$ 6,405	$ 8,504	$ 4,954	$ 139,352	$ 9,956	$ 169,171
Funds Held in Trust for Participants, July 1, 1980	$71,283	$30,674	$19,826	$1,103,195	$67,306	$1,292,284
Funds Held in Trust for Participants, June 30, 1981	$77,688	$39,178	$24,780	$1,242,547	$77,262	$1,461,455

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Minnesota Supplemental Retirement Investment Fund			MN Post-Retirement Investment Fund	MN Variable Annuity Fund	Combined Totals
	Income Share Account	Growth Share Account	Fixed Return Account			
Cash Provided:						
From Operations:						
Net Operating Income	$ 4,648	$ 6,373	$ (809)	$ 62,137	$10,629	$ 82,978
Items to be Added to (Deducted From) Net Operating Income:						
(Increases) in Security Sales Receivable		(88)			(156)	(244)
(Increases) in Accounts Receivable				(299)		(299)
(Increases) in Due From Other Funds				(2,017)		(2,017)
(Increases) in Accrued Investment Income	(377)	(181)	(367)	(5,922)	(322)	(7,169)
Increases in Accounts Payable				5,726		5,726
Increases in Payable to Other Funds				4,098	207	4,305
Increases (Decreases) in Security Purchases Payable	257	(51)		(4,913)	(153)	(4,860)
(Decreases) in Advance Payments From Participants	(68)	(17)				(85)
Total Items to be Added (Deducted)	$ (188)	$ (337)	$ (367)	$ (3,327)	$ (424)	$ (4,643)
Total Cash Provided From Operations	$ 4,460	$ 6,036	$ (1,176)	$ 58,810	$10,205	$ 78,335
Other Cash Provided:						
Participant Contributions	6,271	2,388	6,414	179,352		194,425
Total Cash Provided	$10,731	$ 8,424	$ 5,238	$ 238,162	$10,205	$ 272,760
Cash Applied:						
Participant Withdrawals	$ 4,514	$ 257	$ 651	$ 102,137	$ 673	$ 108,232
Total Cash Applied	$ 4,514	$ 257	$ 651	$ 102,137	$ 673	$ 108,232
Net Increase (Decrease) in Cash and Investments	$ 6,217	$ 8,167	$ 4,587	$ 136,025	$ 9,532	$ 164,528
Cash and Investments, July 1, 1980	70,216	30,565	19,292	1,093,018	66,888	1,279,979
Cash and Investments, June 30, 1981	$76,433	$38,732	$23,879	$1,229,043	$76,420	$1,444,507

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINED SCHEDULE OF PARTICIPATION
JUNE 30, 1981
(000's Omitted)

	Supplemental Retirement Fund			Post-Retirement Investment Fund	Variable Annuity Fund	Combined Totals
	Income Share Account	Growth Share Account	Fixed Return Account			
Defined Benefit Plans						
Teachers Retirement Association:						
Teachers Retirement Fund				$ 473,879	$76,279	$ 550,158
Minnesota State Retirement System:						
State Employees Retirement Fund				230,427		230,427
Highway Patrolmens Retirement Fund				19,121		19,121
Judges Retirement Fund				4,905		4,905
Public Employees Retirement Association:						
Public Employees Retirement Fund				341,237		341,237
Police and Fire Fund				34,387		34,387
Sub-Total				$1,103,956	$76,279	$1,180,235
Defined Contribution Plans						
Teachers Retirement Association:						
College Supplemental Retirement Fund	$19,976	$16,536				$ 36,512
Minnesota State Retirement System:						
Unclassified Employees Retirement Fund	7,840	3,511	2,376			13,727
Deferred Compensation Fund	8,456	7,720	19,621			35,797
Sub-Total	$36,272	$27,767	$21,997			$ 86,036
Legislators and Survivors Retirement Fund				$ 3,612		$ 3,612
Total State Plans	$36,272	$27,767	$21,997	$1,107,568	$76,279	$1,269,883
Non-State Plans	$41,416	$11,411	$ 8,457	$ 194,805		$ 256,089
Total Funds Held in Trust for Participants (3)	$77,688	$39,178	$30,454	$1,302,373	$76,279	$1,525,972
Less Unrealized Appreciation (Depreciation) on Investments			(5,680)	(109,337)	2,075	(112,942)
Add Undistributed Earnings (Losses)			6	81,783	(1,092)	80,697
Less Annuity Stabilization Reserve				(32,272)		(32,272)
Total Participation and Undistributed Earnings (Losses)	$77,688	$39,178	$24,780	$1,242,547	$77,262	$1,461,455

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINED SUMMARY OF INVESTMENTS (4)
JUNE 30, 1981
(000's Omitted)

	Minnesota Supplemental Retirement Investment Fund			MN Post-Retirement Investment Fund	MN Variable Annuity Fund	Combined Totals
	Income Share Account	Growth Share Account	Fixed Return Account			
Bonds and Other Debt Certificates:						
U.S. Government Obligations	$11,802		$ 3,152	$144,916	$ 1,101	$ 160,971
Canadian Government Obligations	3,833		2,269	36,735	1,171	44,008
Public Utilities	6,511		5,106	102,065	2,339	116,021
Finance Industry Corporations	4,468		3,141	57,650	2,048	67,307
Industrial Corporations	4,608		1,303	88,056	1,747	95,714
Transportation Industry Corporations	2,706		1,571	45,688	390	50,355
Total Bonds and Other Debt Certificates	$33,928		$16,542	$475,110	$ 8,796	$534,376
Common Stock:						
Public Utilities	$ 6,801	$ 3,364		$ 75,475	$ 5,917	$ 91,557
Finance Industry Corporations	6,476	3,873		51,966	6,989	69,304
Manufacturing Industry Corporations	10,368	9,821		155,028	18,556	193,773
Food Industry Corporations	2,857	3,050		48,293	5,208	59,408
Retail Industry Corporations	1,069	1,133		14,675	2,032	18,909
Transportation Industry Corporations	399	800		16,401	1,499	19,099
Other Industries	5,061	4,659		99,351	8,182	117,253
Total Common Stocks	$33,031	$26,700		$461,189	$48,383	$ 569,303
Total Investments	$66,959	$26,700	$16,542	$936,299	$57,179	$1,103,679

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

INVESTMENT TRUST FUNDS NARRATIVE EXPLANATIONS

1. a. All investments are reported at market value, except for short-term government securities and commericial paper which are valued at market less accrued interest. Costs of investments held as of June 30, 1981 were as follows:

Minnesota Supplemental Retirement Investment Fund:	
Income Share Account	$ 82,466,000
Growth Share Account	35,634,000
Fixed Return Account	29,021,000
Minnesota Post-Retirement Investment Fund	1,338,362,000
Minnesota Variable Annuity Fund	74,706,000

b. Some securities were loaned to generate additional investment income. Amounts on loan as of June 30, 1981 were as follows:

Minnesota Supplemental Retirement Investment Fund:	
Income Share Account	$ 500,000
Fixed Return Account	900,000
Minnesota Post-Retirement Investment Fund	18,500,000
Minnesota Variable Annuity Fund	1,000,000

2. Total participation in the Minnesota Post-Retirement Investment Fund is equal to the actuarially determined required reserves. Participation balances differ from those reported in the State Board of Investment annual report, because June 30, 1981 mortality adjustments certified by the retirement funds' actuaries are included in this report.

3. The annuity stabilization reserve is the difference between the actuarially determined reserves required to support benefits in force and the book value of the assets of the fund. Pursuant to Minnesota Statutes 11A.18, Subdivision 9, the board shall allocate five percent of excess investment income as an asset of the fund to reduce this account. The remaining 95 percent of excees income is available for distribution as a benefit increase. The undistributed earnings of $81,783,000 at June 30, 1981 were available for benefit increases in January, 1982.

4. Short-term securities held as cash equivalents are not included in this schedule. All others are presented at current market value, as of June 30, 1981.

STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1981
(000's Omitted)

	Municipal State Aid Street Fund	County State Aid Highway Fund	Endowment School Fund	Endowment Fund	N.E. Minn. Economic Protection Fund	Rural Rehabilitation Trust Fund	Combined Totals
ASSETS							
Cash	$(2,327)	$(3,942)	$ 14	$ 44	$ 9	$ 61	$ (6,141)
Investments	65,138	98,805		268	30,936	7,139	202,286
Due From Other Funds	360	1,162	10,132				11,654
Loan Interest Receivable						26	26
Accrued Investment Income	2,081	2,820		6	1,508	308	6,723
Mortgage Notes Receivable						931	931
Total Assets	$65,252	$98,845	$10,146	$318	$32,453	$8,465	$215,479
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable				$ 1		$ 13	$ 14
Payable to Other Funds	122	406					528
Total Liabilities	$ 122	$ 406		$ 1		$ 13	$ 542
Fund Balance:							
Reserved:							
For Local Governments	$65,103	$98,337	$10,146			$	$173,586
Long-Term Loans Receivable						112	112
Total Reserved Fund Balance	$65,103	$98,337	$10,146			$ 112	$173,698
Unreserved:							
Designated for Appropriation Carryover	$ 27	$ 102		$317	$32,453	$ 17	$ 32,916
Designated for Investments						4,000	4,000
Designated for Fund Purposes						4,323	4,323
Total Unreserved Fund Balance	$ 27	$ 102		$317	$32,453	$8,340	$ 41,239
Total Fund Balance	$65,130	$98,439	$10,146	$317	$32,453	$8,452	$214,937
Total Liabilities and Fund Balance	$65,252	$98,845	$10,146	$318	$32,453	$8,465	$215,479

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Municipal State Aid Street Fund	County State Aid Highway Fund	Endowment School Fund	Endowment Fund	N.E. Minn. Economic Protection Fund	Rural Rehabilitation Trust Fund	Combined Totals
Revenues:							
Income from Investments	$ 7,931	$12,168	$ 705	$27	$3,380	$779	$ 24,990
Mortgage Notes Interest Income						67	67
Gifts and Bequests				4			4
Other Income			25				25
Total Revenues	$ 7,931	$12,168	$ 730	$ 31	$ 3,380	$ 846	$ 25,086
Expenditures:							
Current:							
Transportation	$ 30	$ 49		$		$	$ 79
Economic/Manpower Development						83	83
Education				3			3
Health and Social Services				1			1
Total Current Expenditures	$ 30	$ 49		$ 4		$ 83	$ 166
Capital Outlay:							
Equipment				$ 1			$ 1
Grants and Subsidies:							
Individuals	$	$	$	$ 16		$	$ 16
School Districts		204	21,021				21,225
Other Local Subdivisions	34,597	94,345					128,942
Other Subdivisions						291	291
Total Grants and Subsidies	$34,597	$94,549	$21,021	$ 16		$ 291	$150,474
Total Expenditures	$34,627	$94,598	$21,021	$ 21		$ 374	$150,641
Less Reimbursements (to) from Other Funds	(405)	(1,338)					(1,743)
Net Expenditures	$35,032	$95,936	$21,021	$ 21		$ 374	$152,384
Excess of Revenues Over (Under) Expenditures	$(27,101)	$(83,768)	$(20,291)	$ 10	$ 3,380	$ 472	$(127,298)
Other Financing Sources (Uses):							
Operating Transfers In	$31,432	$101,636	$22,144		$ 9,358		$164,570
Excess of Revenues and Other Sources Over (Under) Expenditures	$ 4,331	$ 17,868	$ 1,853	$ 10	$12,738	$ 472	$ 37,272
Fund Balance, July 1, 1980, as Previously Reported	$60,799	$80,571	$ 8,293	$310	$19,715	$7,980	$177,668
Prior Period Adjustment				(3)			(3)
Fund Balance, July 1, 1980, as Restated	$60,799	$80,571	$ 8,293	$307	$19,715	$7,980	$177,665
Fund Balance, June 30, 1981	$65,130	$98,439	$10,146	$317	$32,453	$8,452	$214,937

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

ALL AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Balance July 1, 1980	Additions	Deductions	Balance June 30, 1981
DISBURSEMENT CLEARING FUND				
ASSETS				
Cash	$103,794	$6,645,552	$6,623,678	$125,668
Accounts Receivable	202		202	
Total Assets	**$103,996**	**$6,645,552**	**$6,623,880**	**$125,668**
LIABILITIES				
Warrants Payable	$103,880	$6,645,536	$6,623,764	$125,652
Unclaimed Payroll Warrants		16		16
Payable to Other Funds	116		116	
Total Liabilities	**$103,996**	**$6,645,552**	**$6,623,880**	**$125,668**
TAXES CLEARING FUND				
ASSETS				
Cash	$ 19,022	$ 393,230	$ 407,252	$ 5,000
Due from Other Funds	18,690	10,906	18,690	10,906
Total Assets	**$ 37,712**	**$ 404,136**	**$ 425,942**	**$ 15,906**
LIABILITIES				
Payable to Other Funds	$ 14	$ 1,684	$ 121	$ 1,577
Payable to Other Governmental Units:				
Federal Government	35,826	377,202	400,927	12,101
Cities	783	2,878	3,088	573
Special Districts	273	2,883	3,003	153
Funds Held in Trust	816	2,376	1,690	1,502
Total Liabilities	**$ 37,712**	**$ 387,023**	**$ 408,829**	**$ 15,906**
SOCIAL WELFARE FUND				
ASSETS				
Cash	$ 383	$ 12,028	$ 11,827	$ 584
Imprest Cash	212	2		214
Investments (1981 market value $2,379)	2,195	4,424	4,310	2,309
Accrued Investment Income	80	332	344	68
Total Assets	**$ 2,870**	**$ 16,786**	**$ 16,481**	**$ 3,175**
LIABILITIES				
Payable to Gift Fund	$ 16	$ 81	$ 16	$ 81
Funds Held in Trust	2,854	7,804	7,564	3,094
Total Liabilities	**$ 2,870**	**$ 7,885**	**$ 7,580**	**$ 3,175**
FEDERAL COUNTY ROAD AND BRIDGE FUND				
ASSETS				
Cash	$ 4,588	$ 45,245	$ 44,432	$ 5,401
Accounts Receivable	1,115	22,457	18,108	5,464
Federal Aid Receivable	1,532	34,426	29,752	6,206
Total Assets	**$ 7,235**	**$ 102,128**	**$ 92,292**	**$ 17,071**
LIABILITIES				
Contracts and Retainage Payable	$ 1,509	$ 3,426	$ 1,126	$ 3,809
Payable to Other Funds	1,300		1,300	
Payable to Other Governmental Units		13,262		13,262
Funds Held in Trust	4,426	56,142	60,568	
Total Liabilities	**$ 7,235**	**$ 72,830**	**$ 62,994**	**$ 17,071**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
ALL AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Balance July 1, 1980	Additions	Deductions	Balance June 30, 1981
WORKERS COMPENSATION SPECIAL PAYMENT FUND (3)				
ASSETS				
Cash	$ 1,197	$ 15,392	$ 16,067	$ 522
Investments	1,844		1,844	
Accounts Receivable		222		222
Due from General Fund	1,158	359	1,158	359
Accrued Investment Income	96		96	
Total Assets	$ 4,295	$ 15,973	$ 19,165	$ 1,103
LIABILITIES				
Payable to Special Revenue Fund	$ 167		$ 167	$
Funds Held in Trust	4,128	14,296	17,321	1,103
Total Liabilities	$ 4,295	$ 14,296	$ 17,488	$ 1,103
STATE UNIVERSITY SYSTEM – STUDENT ACTIVITY FUND (1)				
ASSETS				
Cash		$ 1,135		$ 1,135
Investments		5,225		5,225
Accounts Receivable		197		197
Accrued Investment Income		77		77
Federal Aid Receivable		182		182
Loans Receivable (Net)		23,044		23,044
Other Assets		88		88
Total Assets		$ 29,948		$ 29,948
LIABILITIES				
Salaries and Accounts Payable		$ 303		$ 303
Other Liabilities		16		16
Funds Held in Trust		29,629		29,629
Total Liabilities		$ 29,948		$ 29,948
COMMUNITY COLLEGE SYSTEM – ALL COLLEGE FUNDS (1)				
ASSETS				
Cash		$ 1,185		$ 1,185
Investments		2,169		2,169
Accounts Receivable		409		409
Federal Aid Receivable		30		30
Accrued Investment Income		17		17
Prepaid Expenses		17		17
Loans Receivable (Net)		5,135		5,135
Other Assets		3		3
Total Assets		$ 8,965		$ 8,965
LIABILITIES AND DEFERRED REVENUE				
Salaries and Accounts Payable		$ 276		$ 276
Loans Payable		45		45
Other Liabilities		11		11
Funds Held in Trust		8,594		8,594
Deferred Revenue		39		39
Total Liabilities and Deferred Revenue		$ 8,965		$ 8,965

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
ALL AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Balance July 1, 1980	Additions	Deductions	Balance June 30, 1981
MISCELLANEOUS AGENCY FUNDS (2)				
ASSETS				
Cash	$ 491	$ 15,554	$ 14,638	$ 1,407
Investments (1981 market value of $1793)		2,976	1,271	1,705
Accounts Receivable	10		10	
Due from Other Funds	12	35	12	35
Accrued Investment Income		127	39	88
Total Assets	**$ 513**	**$ 18,692**	**$ 15,970**	**$ 3,235**
LIABILITIES				
Payable to Other Funds		$ 1,567	$ 613	$ 954
Payable to Other Governmental Units		132	88	44
Funds Held in Trust	513	12,707	10,983	2,237
Total Liabilities	**$ 513**	**$ 14,406**	**$ 11,684**	**$ 3,235**
TOTAL AGENCY FUNDS				
ASSETS				
Cash	$129,475	$7,129,321	$7,117,894	$140,902
Imprest Cash	212	2		214
Investments (1981 market value $11,566)	4,039	14,794	7,425	11,408
Accounts Receivable	1,327	23,285	18,320	6,292
Due from Other Funds	19,860	11,300	19,860	11,300
Accrued Investment Income	176	553	479	250
Federal Aid Receivable	1,532	34,638	29,752	6,418
Loans Receivable (Net)		28,179		28,179
Other Assets		108		108
Total Assets	**$156,621**	**$7,242,180**	**$7,193,730**	**$205,071**
LIABILITIES				
Warrants Payable	$103,880	$6,645,552	$6,623,764	$125,668
Accounts Payable		579		579
Contract and Retainage Payable	1,509	3,426	1,126	3,809
Payable to Other Funds	1,613	3,332	2,333	2,612
Payable to Other Governmental Units	36,882	396,357	407,106	26,133
Loans Payable		45		45
Other Liabilities		66		66
Funds Held in Trust	12,737	131,548	98,126	46,159
Total Liabilities	**$156,621**	**$7,180,905**	**$7,132,455**	**$205,071**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

AGENCY FUNDS NARRATIVE EXPLANATIONS

1. The All College Fund and the Student Activity Fund are reported as separate funds for the first time. Previously, a portion of these funds was reported in the Miscellaneous Agency Fund and another portion was not included in the financial statements. The transfers of equity are reported as additions and deductions for the appropriate assets and liabilities in the relevant funds.

2. The Permanent University Fund and the Real Estate Assurance Account are included in the Miscellaneous Agency Fund for the first time. Reports for previous years included only cash flow analysis for the Permanent University Fund. The Real Estate Assurance Account was previously included in the Miscellaneous Special Revenue Fund.

3. The Workers' Compensation Special Payment Fund is recognized essentially on the cash basis with no provision for accruals which were not feasible to obtain.

ACCOUNT GROUP

GENERAL LONG-TERM DEBT ACCOUNT GROUP — accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary funds.

STATE OF MINNESOTA

GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
YEAR ENDED JUNE 30, 1981
(000's Omitted)

	Beginning Balance	Increase	Decrease	Ending Balance
Amount Available and to be Provided for Payment of General Long-Term Debt:				
Amount Available in Debt Service Fund	$ 61,423	$ 68,893	$ 63,922	$ 66,394
Amount to be Provided:				
General Fund	$702,335	$ 86,108	$ 61,720	$726,723
Miscellaneous Special Revenue Fund	528		237	291
State Airport Fund	910		450	460
Trunk Highway Fund	72,172		7,144	65,028
Employment Services Fund	1,040		200	840
Unemployment Trust Fund		114,000		114,000
Total Amount to be Provided	$776,985	$200,108	$ 69,751	$907,342
Total Amount Available and to be Provided	$838,408	$269,001	$133,673	$973,736
General Long-Term Debt Payable:				
Bonds Payable	$830,885	$ 86,000	$ 63,923	$852,962
Loans Payable	5,412	114,000	394	119,018
Capital Lease Obligations	2,111	108	463	1,756
Total General Long-Term Debt Payable	$838,408	$200,108	$ 64,780	$973,736

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

General Long-Term Debt Account Group Narrative Explanation

1. Total long-term debt does not include $352,529,000 in grant payments to school districts and interstate tuition reciprocity payments, based primarily on fiscal year 1981 data, but paid from fiscal year 1982 resources. These payments are not considered to be liabilities at June 30, 1981. They are further explained in note 12.

GENERAL OBLIGATION DEBT SCHEDULES

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1982-2001
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)

Fund and Type	Authorization Year-Chapter	Amount Outstanding 6-30-81	1982	1983	1984	1985	1986	1987
General Fund								
State Building, Capital Improvement	'63-1	$ 2,937	$ 1,468	$ 1,469	$	$	$	$
			81	40				
	'63-677	6,360	2,140	2,140	2,080			
			164	98	32			
	'63-839	3,560	1,790	1,770				
			110	55				
	'65-882	11,440	2,890	2,890	2,890	2,770		
			355	265	175	86		
	X'67-8	27,837	3,469	3,469	3,469	3,469	3,469	3,469
			1,367	1,189	1,012	883	655	478
	'69-1159	70,753	7,336	7,336	7,336	7,336	7,336	7,336
			3,610	3,233	2,847	2,462	2,076	1,685
	'71-963	65,969	5,368	5,368	5,368	5,368	5,368	5,368
			2,974	2,705	2,438	2,173	1,910	1,646
	'73-778	35,134	2,329	2,329	2,329	2,329	2,329	2,329
			1,811	1,699	1,584	1,376	1,267	1,156
	'74-541	2,867	205	205	205	205	205	205
			157	144	132	121	110	100
	'75-436	13,500	847	847	847	847	847	847
			688	647	606	534	495	454
	'76-348	43,278	2,693	2,693	2,693	2,693	2,693	2,693
			2,251	2,134	2,008	1,673	1,556	1,436
	'77-421	7,125	375	375	375	375	375	375
			463	437	411	384	358	333
	'77-451	30,829	1,743	1,743	1,743	1,743	1,743	1,743
			1,643	1,553	1,460	1,363	1,267	1,171
	'78-792	93,590	4,929	4,929	4,929	4,929	4,929	4,929
			6,335	5,983	5,630	5,278	4,926	4,587
	'79-300	2,500	125	125	125	125	125	125
			203	192	181	171	160	149
	'79-301	46,065	2,403	2,403	2,403	2,403	2,403	2,403
			3,126	2,951	2,775	2,600	2,425	2,257
	'79-338	27,565	1,378	1,378	1,378	1,378	1,378	1,378
			2,242	2,121	2,001	1,880	1,760	1,647
State Building (Voc-Tech)	'75-436	11,800	775	775	775	775	775	775
			629	590	550	492	453	414
State Building (Natural Resources)	'75-415	16,000	1,000	1,000	1,000	1,000	1,000	1,000
			798	746	696	646	596	546
State Building (Parks & Recreation)	'77-421	45,900	2,700	2,700	2,700	2,700	2,700	2,700
			2,175	2,067	1,945	1,810	1,675	1,540
State Transportation	'76-339	20,000	1,250	1,250	1,250	1,250	1,250	1,250
			1,049	999	943	755	704	651
	'77-277	43,100	2,500	2,500	2,500	2,500	2,500	2,500
			2,134	2,024	1,904	1,774	1,645	1,515
	'79-280	25,350	1,300	1,300	1,300	1,300	1,300	1,300
			1,860	1,758	1,655	1,553	1,451	1,354
Pollution Control	X'71-20	22,313	1,738	1,738	1,738	1,738	1,738	1,738
			671	586	500	415	328	270
	'73-771	15,938	1,013	1,013	1,013	1,013	1,013	1,013
			840	796	749	622	577	532
	'75-354	26,800	1,450	1,450	1,450	1,450	1,450	1,450
			1,620	1,527	1,435	1,343	1,251	1,160
	'77-418	950	50	50	50	50	50	50
			62	58	55	51	48	44
Voyageurs National Park	'71-852	1,070	600	470				
			35	11				
Zoological Gardens	'73-207	21,925	1,350	1,375	1,425	1,450	1,500	1,525
			1,149	1,076	1,000	918	844	767

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1982-2001

PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE

(000's Omitted)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
$	$	$	$	$	$	$	$	$	$	$	$	$	$
3,449	**1,789**	**1,789**											
299	159	53											
7,336	**7,336**	**7,336**	**4,725**										
1,294	899	504	185										
5,368	**5,368**	**5,368**	**5,368**	**5,368**	**2,268**	**2,268**	**1,268**	**685**	**435**				
1,382	1,112	841	566	441	314	190	95	43	12				
2,329	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**1,829**	**1,566**	**1,358**	**53**	**53**		
1,045	931	816	699	580	459	337	229	141	65	6	3		
205	**205**	**205**	**205**	**205**	**205**	**205**	**205**						
88	77	65	53	41	29	16	5						
847	**847**	**847**	**847**	**847**	**847**	**847**	**847**	**847**	**795**				
414	374	333	292	249	205	162	117	72	29				
2,693	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**93**	**93**		
1,316	1,193	1,068	941	810	679	544	409	271	132	11	5		
375	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	
308	282	260	237	215	192	169	145	122	98	73	49	24	
1,743	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,193**		
1,078	984	896	807	718	628	537	445	352	258	164	69		
4,929	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**3,269**	**1,604**
4,259	3,933	3,624	3,313	3,000	2,681	2,358	2,030	1,697	1,359	1,017	672	325	72
125	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**
140	131	121	112	102	92	82	72	61	50	39	28	17	6
2,403	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**403**
2,092	1,927	1,777	1,626	1,474	1,320	1,163	1,005	845	682	516	351	184	18
1,378	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**	**1,378**
1,544	1,442	1,338	1,233	1,125	1,015	903	789	672	552	431	309	186	62
775	**775**	**775**	**775**	**775**	**775**	**775**	**775**	**775**	**175**				
374	334	293	251	207	163	119	76	34	9				
1,000	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**				
497	448	399	348	296	244	191	138	83	28				
2,700	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**			
1,419	1,297	1,173	1,049	922	794	664	535	402	270	135			
1,250	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**				
598	543	486	429	369	310	249	188	125	63				
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**600**		
1,395	1,275	1,156	1,037	916	793	669	545	419	292	164	35		
1,300	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**650**
1,261	1,169	1,081	992	903	811	718	624	527	429	330	230	130	29
1,738	**1,738**	**1,738**	**1,738**	**1,738**	**1,738**	**488**	**488**	**488**					
243	216	187	158	129	99	68	40	13					
1,013	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**750**				
486	439	390	340	290	239	186	135	82	38				
1,450	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**700**	
1,070	980	898	816	734	651	567	482	397	310	223	134	46	
50	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	
41	38	35	32	29	26	22	19	16	13	10	7	3	
1,575	**1,625**	**1,650**	**1,700**	**1,750**	**1,800**	**1,875**	**1,175**	**75**	**75**				
686	602	513	421	325	226	121	39	8	4				

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT (Continued)
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1982-2001
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)

Fund and Type	Authorization Year-Chapter	Amount Outstanding 6-30-81	1982	1983	1984	1985	1986	1987
General Fund (Continued)								
Vietnam Veterans' Bonus	'73-204	$ 39,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
			1,775	1,636	1,499	1,360	1,221	1,081
Waste Management	'80-564	2,800	140	140	140	140	140	140
			228	215	203	191	179	167
TOTAL FOR GENERAL FUND		$784,252	$ 60,353	$ 60,229	$56,510	$54,335	$51,615	$51,640
			42,602	39,763	36,426	32,865	29,934	27,141
State Airports Fund								
Aeronautics	'63-791	$ 910	$ 450	$ 460				
			28	14				
TOTAL FOR STATE AIRPORTS FUND		$ 910	$ 450	$ 460				
Trunk Highway Fund								
Trunk Highway	'59-538	$ 1,310	$ 450	$ 240	$ 260	$ 270	$ 90	
			0	0	0	0	0	
	'67-873	39,100	5,200	5,300	5,400	5,400	5,400	5,500
			1,597	1,363	1,124	884	644	406
	'77-277	26,350	1,550	1,550	1,550	1,550	1,550	1,550
			1,249	1,187	1,117	1,039	962	884
TOTAL FOR TRUNK HIGHWAY FUND		$ 66,760	$ 7,200	$ 7,090	$ 7,210	$ 7,220	$ 7,040	$ 7,050
			2,846	2,550	2,241	1,923	1,606	1,290
Employment Services Administration Fund								
State Building, Capital Improvement	'65-532	$ 900	$ 180	$ 180	$ 180	$ 180	$ 180	
			27	21	15	9	3	
	X'67-8	140	20	20	20	20	20	20
			5	4	3	3	2	1
TOTAL EMPLOYMENT SERVICES ADMINISTRATION FUND		$ 1,040	$ 200	$ 200	$ 200	$ 200	$ 200	$ 20
			32	25	18	12	5	1
State University Board								
Revenue Bond Fund	'69-1152	$ 9,780	$ 290	$ 305	$ 320	$ 340	$ 355	$ 380
			539	523	507	490	471	452
	'73-759	6,425	200	200	200	200	200	200
			323	312	302	292	282	272
TOTAL FOR STATE UNIVERSITY BOARD REVENUE BOND FUND		$ 16,205	$ 490	$ 505	$ 520	$ 540	$ 555	$ 580
			862	835	809	782	753	724
Maximum Effort School								
Loan Fund	'63-601	$ 5,360	$ 1,805	$ 1,805	$ 1,750			
			148	92	37			
	'65-875	4,700	950	950	950	950	900	
			138	107	76	45	15	
	'67-583	2,310	245	245	245	245	245	245
			129	114	100	85	71	57
	'69-1056	17,105	1,441	1,441	1,441	1,441	1,441	1,441
			972	889	805	705	621	538
	'80-545	2,975	149	149	149	149	149	149
			242	229	216	203	190	178
TOTAL FOR MAXIMUM EFFORT SCHOOL LOAN FUND		$ 32,450	$ 4,590	$ 4,590	$ 4,535	$ 2,785	$ 2,735	$ 1,835
			1,629	1,431	1,233	1,038	897	773
TOTAL PRINCIPAL – ALL FUNDS		$901,617	$ 73,283	$ 73,074	$68,975	$65,080	$62,145	$61,125
TOTAL INTEREST – ALL FUNDS			47,998	44,388	40,727	36,620	33,195	29,928
TOTAL DEBT SERVICE – ALL FUNDS			$121,281	$117,462	$109,702	$101,700	$95,340	$91,053

The above listed does not include an issue of $63 million dated August 1, 1981. This issue consisted of:

State Building Bonds

- Laws of Minnesota 1978, Chapter 792 $ 8,325,000
- Laws of Minnesota 1979, Chapter 338 13,335,000
- Laws of Minnesota 1981, Chapter 4 10,746,000
- Laws of Minnesota 1981, Chapter 304 4,920,000
- Laws of Minnesota 1981, Chapter 361 2,440,000
- Laws of Minnesota 1981, Chapter 362 1,534,000

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT (Continued)
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1982-2001
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000							
940	797	655	512	367	221	73							
140	140	140	140	140	140	140	140	140	140	140	140	140	140
157	147	136	125	114	103	92	80	68	56	44	31	19	6
$51,670	$50,060	$50,085	$45,735	$41,060	$38,010	$36,835	$31,635	$29,485	$27,625	$19,240	$14,090	$ 9,740	$4,300
24,425	21,727	19,097	16,574	14,353	12,291	10,202	8,239	6,450	4,747	3,162	1,923	934	194
$ 5,600	$ 1,300												
168	24												
1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550			
815	745	673	602	529	456	381	307	231	155	78			
$ 7,150	$ 2,850	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550			
983	769	673	602	529	456	381	307	231	155	78			
$ 20													
1													
$ 20													
1													
$ 400	$ 420	$ 2,855	$ 4,115										
430	408	313	222										
200	200	200	200	200	200	4,025							
261	251	241	231	221	210	103							
$ 600	$ 620	$ 3,055	$ 4,315	$ 200	$ 200	$ 4,025							
691	659	554	453	221	210	103							
280	280	280											
41	25	8											
1,506	1,506	1,506	486	486	486	486	486	486	486	186	186	111	51
454	367	281	225	198	171	144	117	89	61	36	24	11	2
149	149	149	149	149	149	149	149	149	149	149	149	149	149
167	156	144	133	121	110	98	85	73	60	47	33	20	7
$ 1,935	$ 1,935	$ 1,935	$ 635	$ 635	$ 635	$ 635	$ 635	$ 635	$ 635	$ 335	$ 335	$ 260	$ 200
662	548	434	358	320	281	242	202	161	120	83	57	31	9
$61,375	$55,465	$56,625	$52,235	$43,445	$40,395	$43,045	$33,820	$31,670	$29,810	$21,125	$14,425	$10,000	$4,500
26,761	23,702	20,758	17,987	15,423	13,238	10,929	8,748	6,842	5,023	3,323	1,980	965	203
$88,136	$79,167	$77,383	$70,222	$58,868	$53,633	$53,974	$42,568	$38,512	$34,833	$24,448	$16,405	$10,965	$4,703

State Transportation Bonds
Laws of Minnesota 1981, Chapter 361 — 13,000,000

State Water Pollution Control Bonds
Minnesota Statute 116.18 — 8,700,000

Total Issue — $63,000,000

Note: Columns may not add due to rounding.

STATE OF MINNESOTA

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT BY PURPOSE AS OF JULY 1, 1981

(000's Omitted)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971-856	Municipal Aid	$ 20,000	Municipal Aid	$ 20,000	$ 0	$ 20,000
M.S. 116.18	Water Pollution Control	144,000	Prevention, Control, Abatement of Water Pollution	144,000	85,000	59,000
1977-277	Trunk Highway	50,000	Trunk Highway and Interstate Bridges	50,000	31,000	19,000
1978-792	State Buildings	106,900	Statewide Improvement	6,000		
			Capitol Complex	4,216		
			Duluth Government Center	11,500		
			Natural Resources	2,580		
			Voc-Tech Construction	4,125		
			State Universities	10,188		
			Community Colleges	9,363		
			University of Minnesota	30,233		
			Minnesota Historical Society	3,624		
			Corrections	4,641		
			Public Welfare	16,850		
			Other	3,580	98,575	8,325
1979-280	State Transportation	52,000	County, Municipal and Township Bridges	52,000	26,000	26,000
1979-300	State Building	3,775	Public dam reconstruction	3,775	2,500	1,275
1979-338	State Building	75,515	Statewide improvements	2,000		
			Capitol Complex	1,348		
			Natural Resources	878		
			Education	1,225		
			State Universities	6,221		
			Community Colleges	300		
			University of Minnesota	51,242		
			Corrections	10,478		
			Public Welfare	783		
			Other	40	27,565	47,950
1980-545	School Loans	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	2,975	17,025
1980-564	Waste Management	15,000	Waste Processing Facility Assistance	8,800		
			Acquisition of Real Property for Hazardous Waste Facility Sites	6,200	2,800	12,200
1980-610	Transportation	13,500	Rail Service Improvement	13,500	0	13,500
1981-4	State Building	42,970	Administration	13,443		
			Natural Resources	533		
			Military Affairs	922		
			Education	4,939		
			State Universities	597		
			University of Minnesota	5,650		
			Corrections	4,742		
			Public Welfare	10,888		
			Economic Security	250		
			Minnesota Historical Society	975		
			Other	30	0	42,970
1981-275	University Hospital	190,000	University of Minnesota Hospital construction	190,000	0	190,000
1981-304	State Building	30,320	Metropolitan Council	12,490		
			Natural Resources	30,285		
			Other	35	0	30,320
1981-334	State Building	50,000	District Heating System	50,000	0	50,000

STATE OF MINNESOTA

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT BY PURPOSE AS OF JULY 1, 1981 (Continued)

(000's Omitted)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1981-361	State Building	$ 14,615	Administration	$ 8,464	$	$
			Natural Resources	2,574		
			Historical Society	700		
			Veterans Affairs	261		
			Economic Development	2,500		
			Other	116	0	14,615
1981-361	State Transportation	98,000	Interstate Highway System	98,000	0	98,000
1981-362	State Building	54,495	Education	14,145		
			State Universities	1,621		
			Community Colleges	620		
			University of Minnesota	38,057		
			Other	50	0	54,495
	Total Authorized, Unissued					$704,675